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LEGISLATIVE HISTORY

Public Law 85-426

H. R. 5836

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Index and summary of H. R. 5836

Mar.	8, 1957	Sen. Johnston introduced S. 1534 which was referred to the Senate Post Office and Civil Service Committee. Print of bill as introduced.
Mar.	11, 1957	Rep. Murray introduced H. R. 5836 and Rep. Rees introduced H. R. 5839 which were referred to the House Post Office and Civil Service Committee. Prints of bills as introduced.
June	3, 1957	House committee reported H. R. 5836 with amendments. H. Report No. 524. Print of bill and report.
June	10, 1957	House committee submitted a minority report on H. R. 5836. H. Report No. 524, part 2. Print of report.
Aug.	13, 1957	House passed H. R. 5836 with amendments.
Aug.	14, 1957	H. R. 5836 was referred to the Senate Post Office and Civil Service Committee.
Feb.	20, 1958	Senate committee ordered H. R. 5836 reported with amendments.
Feb.	24, 1958	Senate committee reported H. R. 5836 with amendments. S. Report No. 1321. Print of bill and report. Senate made H. R. 5836 pending business.
Feb.	25, 1958	Senate began debate on H. R. 5836.
Feb.	26, 1958	Senate continued debate on H. R. 5836.
Feb.	27, 1958	Senate continued debate on H. R. 5836.
Feb.	28, 1958	Senate passed H. R. 5836 with amendments. Print of bill with Senate amendments numbered.
Mar.	18, 1958	House conferees were appointed on H. R. 5836.
Mar.	19, 1958	Senate conferees were appointed on H. R. 5836.
Apr.	17, 1958	Conferees met on H. R. 5836.
Apr.	23, 1958	Conferees announced certain actions on H. R. 5836.
May	14, 1958	Sen. Johnston announced action of conferees.
May	21, 1958	Senate agreed to conference report on H. R. 5836. House received report. H. Report No. 1760.

Index and summary of H. R. 5836, cont'd:

May 22, 1958 House agreed to conference report on H. R. 5836.

May 27, 1958 Approved: Public Law 85-426.

HEARINGS; House Post Office and Civil Service Committee
on H. R. 5836; March and April, 1957.

Senate Post Office and Civil Service Committee
on H. R. 5836; Aug. and Dec. 1957, and Jan.
and Feb., 1958.

DIGEST OF PUBLIC LAW 85-426

INCREASES IN POSTAL RATES AND SALARIES. Provides increases in postal rates and the salaries of postal employees, and establishes Congressional policy with respect to the determination of postal rates.

S. 1534

MARCH 8 (legislative day, MARCH 2), 1957

A BILL

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

4 In the light of the findings in title II of this Act and
5 information received by the Congress with respect to postal
6 activities, revenues, and expenses, the Congress recognizes
7 that—

I

1 in title II of this Act, postal revenues will more nearly
2 equal postal expenses; and

3 (2) it is necessary and desirable in the public in-
4 terest that the Congress establish a definite, affirmative,
5 and integrated policy with respect to postal activities,
6 revenues, and expenses which will serve as a guide in
7 the determination and adjustment by the Congress, from
8 time to time, of the postal-rate structure.

9 **TITLE I—POSTAL RATE INCREASES**

10 **SHORT TITLE**

11 SEC. 101. This title may be cited as the “Postal Rate
12 Increase Act, 1957”.

13 **FIRST-CLASS MAIL**

14 SEC. 102. (a) That part of the first section of the joint
15 resolution of June 30, 1947 (61 Stat. 213; 39 U. S. C.
16 280), which precedes the proviso, is amended by striking
17 out “3 cents” and inserting in lieu thereof “4 cents”.

18 (b) Section 1 of the Act of October 30, 1951 (65
19 Stat. 672; 39 U. S. C. 280), as amended, is further amended
20 as follows—

21 (1) by striking out “2 cents” wherever it appears
22 in subsection (a) thereof and inserting in lieu thereof
23 “3 cents”; and

24 (2) by striking out “2 cents” in subsection (b)
25 thereof and inserting in lieu thereof “3 cents”.

DOMESTIC AIRMAIL

SEC. 103. Section 201 of the Postal Rate Revision and Federal Employees Salary Act of 1948 (62 Stat. 1261; 39 U. S. C. 463a) is amended by—

(1) striking out “6 cents” in the first sentence and inserting in lieu thereof “7 cents”; and

(2) striking out “4 cents” in the second sentence and inserting in lieu thereof “5 cents”.

SECOND-CLASS MAIL

SEC. 104. (a) Section 2 (a) of the Act of October 30, 1951 (65 Stat. 672; 39 U. S. C. 289a), is amended by inserting immediately before the colon which precedes the first proviso the following: “, and (4) such postage is further adjusted to the amounts set forth in the following table, on the dates specified:

	Effective July 1, 1957 (cents per pound, or fraction thereof)	Effective July 1, 1958 (cents per pound, or fraction thereof)	Effective July 1, 1959 (cents per pound, or fraction thereof)	Effective July 1, 1960 (cents per pound, or fraction thereof)
A publication having not more than 5 per centum of its space devoted to advertisements, and that portion of other publications devoted to matter other than advertisements	2. 2	2. 5	2. 8	3. 1
Advertising portion of a publication having more than 5 per centum of its space devoted to advertisements:				
First and second zones	2. 2	2. 5	2. 8	3. 1
Third zone	3. 0	3. 4	3. 8	4. 2
Fourth zone	4. 5	5. 1	5. 7	6. 2
Fifth zone	6. 0	6. 8	7. 5	8. 3
Sixth zone	7. 5	8. 4	9. 4	10. 4
Seventh zone	9. 0	10. 1	11. 3	12. 5
Eighth zone	10. 5	11. 8	13. 2	14. 6”

1 The adjustment in postage contained in the amendment made
2 by this subsection shall not apply to any issue of a news-
3 paper with respect to which issue the entire press run con-
4 sists of five thousand copies or less and the rate or rates
5 of postage, as in effect immediately prior to the date of
6 enactment of this Act, for the mailing of any issue of any
7 newspaper to which this sentence applies shall remain in
8 effect until otherwise provided by Congress.

9 (b) Section 2 (c) of such Act of October 30, 1951,
10 is amended by striking out "one-eighth of 1 cent" and in-
11 serting in lieu thereof "one-fourth of 1 cent, except that (1)
12 the postage on each individually addressed copy mailed by
13 the organizations listed, and for the purposes prescribed in
14 the second and third provisos of subsection (a) of this sec-
15 tion, and each individually addressed copy of a publication
16 of the second class addressed for delivery within the county
17 and not entitled to the free-in-county mailing privilege, shall
18 not be less than one-eighth of 1 cent, and (2) the per copy
19 rates prescribed for publications covered by section 25 of
20 the Act of March 3, 1879, as amended (39 U. S. C. 286),
21 are continued".

22 (c) Section 2 (d) of such Act of October 30, 1951,
23 is amended by striking out "1 cent" and inserting in lieu
24 thereof " $1\frac{1}{2}$ cents".

CONTROLLED CIRCULATION PUBLICATIONS

SEC. 105. Section 203 of the Postal Rate Revision and Federal Employees Salary Act of 1948 (62 Stat. 1262; 39 U. S. C. 291b), is amended by—

(1) striking out “10 cents a pound or fraction thereof” and inserting in lieu thereof “12 cents a pound or fraction thereof regardless of the weight of the individual copies”; and

(2) adding at the end thereof a new sentence reading “The rates provided in this section shall remain in effect until otherwise provided by Congress.”

THIRD-CLASS MAIL

SEC. 106. Section 3 of the Act of October 30, 1951 (65 Stat. 673; 39 U. S. C. 290a-1), is amended—

(1) in that part of such section which precedes the first proviso—

(A) by striking out “2 cents” wherever appearing therein and inserting in lieu thereof “3 cents”;

(B) by striking out “1 cent” and inserting in lieu thereof “1½ cents”; and

(C) by striking out “1½ cents for each additional two ounces or fraction thereof” and inserting

1 in lieu thereof "1 cent for each additional ounce
2 or fraction thereof";

3 (2) in the first proviso contained in such section, by
4 striking out "\$10" and inserting in lieu thereof "\$20";

5 (3) in the second proviso contained in such sec-
6 tion—

7 (A) by striking out "14 cents" and inserting
8 in lieu thereof "16 cents";

9 (B) by striking out "1 cent" wherever ap-
10 pearing therein and inserting in lieu thereof "2
11 cents"; and

12 (C) by striking out "10 cents" and inserting in
13 lieu thereof "12 cents";

14 (4) by striking out the third proviso contained in
15 such section and inserting in lieu thereof "*Provided*
16 *further*, That the minimum charge per piece of 2 cents
17 specified in the foregoing proviso shall be increased to
18 2½ cents on July 1, 1959"; and

19 (5) in the fourth proviso contained in such section,
20 by striking out "3 cents" and inserting in lieu thereof
21 "5 cents".

22 FOURTH-CLASS MAIL

23 SEC. 107. Sections 204 (d) and (e) of the Postal Rate
24 Revision and Federal Employees Salary Act of 1948 (62

1 Stat. 1262), as amended (39 U. S. C., sec. 292a (d) and
2 (e)), are amended to read as follows:

3 “(d) The following materials when in parcels not ex-
4 ceeding seventy pounds in weight may be sent at the postage
5 rate of 10 cents for the first pound or fraction thereof and 5
6 cents for each additional pound or fraction thereof, and this
7 rate shall continue until otherwise provided by the Congress:
8 (1) books permanently bound for preservation consisting
9 wholly of reading matter or scholarly bibliography or reading
10 matter with incidental blank spaces for students’ notations
11 and containing no advertising matter other than incidental
12 announcements of books; (2) sixteen-millimeter films and
13 sixteen-millimeter film catalogs except when sent to com-
14 mercial theaters; (3) printed music whether in bound form
15 or in sheet form; (4) printed objective test materials and
16 accessories thereto used by or in behalf of educational institu-
17 tions in the testing of ability, aptitude, achievement, interests,
18 and other mental and personal qualities with or without
19 answers, test scores, or identifying information recorded
20 thereon in writing or by mark; and (5) manuscripts for
21 books, periodical articles, and music.

22 “(e) (1) The following materials when in parcels not
23 exceeding seventy pounds in weight when loaned or ex-
24 changed between (A) schools, colleges, or universities and

1 (B) public libraries, religious, educational, scientific, philan-
2 thropic, agricultural, labor, veterans, or fraternal organiza-
3 tions or associations not organized for profit and none of the
4 net income of which inures to the benefit of any private
5 stockholder or individual, or between such organizations and
6 their members or readers or borrowers, shall be charged with
7 postage at the rate of 4 cents for the first pound or fraction
8 thereof and 1 cent for each additional pound or fraction
9 thereof except, that the rates now or hereafter prescribed for
10 third- or fourth-class matter shall apply in every case where
11 such rate is lower than the rate prescribed in this subsection,
12 and this rate shall continue until otherwise provided by the
13 Congress: (a) books consisting wholly of reading matter
14 or scholarly bibliography or reading matter with incidental
15 blank spaces for students' notations and containing no adver-
16 tising matter other than incidental announcements of books;
17 (b) printed music, whether in bound form or in sheet form;
18 (c) bound volumes of academic theses in typewritten or other
19 duplicated form and bound volumes of periodicals; and (d)
20 other library materials in printed, duplicated, or photo-
21 graphic form or in the form of unpublished manuscripts.

22 “(2) The rate provided in paragraph (1) for books
23 may apply to sixteen-millimeter films, filmstrips, transparen-
24 cies for projection and slides, microfilms, sound recordings,

1 and catalogs of such materials when sent in parcels not ex-
2 ceeding seventy pounds in weight to or from (A) schools,
3 colleges, or universities and (B) public libraries, religious,
4 educational, scientific, philanthropic, agricultural, labor, vet-
5 erans, or fraternal organizations or associations, not organized
6 for profit and none of the net income of which inures to the
7 benefit of any private stockholder or individual.

8 “(3) Public libraries, organizations, or associations,
9 before being entitled to the rates specified in paragraphs
10 (1) and (2) of this subsection, shall furnish to the Post-
11 master General, under such regulations as he may prescribe,
12 satisfactory evidence that none of their net income inures to
13 the benefit of any private stockholder or individual.”

14 DETERMINATION OF CLASS OF POST OFFICE AND COMPEN-
15 SATION OF POSTMASTER AND CERTAIN EMPLOYEES

16 SEC. 108. On and after January 1, 1958, 80 per centum
17 of the gross postal receipts of all classes of post offices shall
18 be counted for the purpose of determining the class of the
19 post office or the compensation or allowances of postmasters
20 or other employees whose compensation or allowances are
21 based on the annual receipts of such offices. Nothing con-
22 tained in this section shall operate to decrease the compen-
23 sation or allowances in effect immediately prior to January

1 1, 1958, for postmasters and other employees in the postal
2 field service on such date whose compensation or allowances
3 are based on the annual receipts of such offices.

4 REPEALS

5 SEC. 109. The last sentence of section 4 (a) of the Civil
6 Service Retirement Act as contained in the Civil Service
7 Retirement Act Amendments of 1956 (70 Stat. 747), is
8 hereby repealed, and hereafter the amounts contributed by
9 the Post Office Department to the civil service retirement
10 and disability fund in compliance with such section 4 (a) of
11 the Civil Service Retirement Act shall be considered as
12 costs of providing postal service for the purpose of establish-
13 ing postal rates.

14 CONDITIONS PRECEDENT TO WITHDRAWAL FROM GENERAL
15 FUND OF TREASURY

16 SEC. 110. That part of the paragraph under the head-
17 ing "General Provisions" under the appropriations for the
18 Post Office Department contained in chapter IV of the Sup-
19 plemental Appropriation Act, 1951 (64 Stat. 1050; 31
20 U. S. C. 695), which precedes the proviso is amended by
21 striking out "the receipt of revenue from fourth-class mail
22 service sufficient to pay the cost of such service" and insert-
23 ing in lieu thereof "(1) that the revenues from fourth-class
24 mail service will not exceed by more than 3 per centum
25 the costs thereof; or (2) that the costs of such fourth-class

1 mail service will not exceed by more than 3 per centum
2 the revenues therefrom”.

3 EFFECTIVE DATES

4 SEC. 111. (a) The rates of postage prescribed by this
5 title, except those prescribed in section 104 (a), shall become
6 effective on July 1, 1957.

7 (b) The rates of postage prescribed by section 104 (a)
8 of this title shall become effective as provided in such
9 section 104 (a).

10 (c) The fee prescribed by section 106 (2) of this title
11 shall become effective on January 1, 1958.

12 (d) Section 109 of this title shall become effective as of
13 the effective date of the Civil Service Retirement Act Amend-
14 ments of 1956.

15 TITLE II—POSTAL RATE POLICY

16 SHORT TITLE

17 SEC. 201. This title may be cited as the “Postal Rate
18 Policy Act”.

19 FINDINGS

20 SEC. 202. The Congress hereby finds that—

21 (1) the postal establishment was created to unite
22 more closely the American people, to promote the gen-
23 eral welfare, and to advance the national economy;

24 (2) the postal establishment has been extended
25 and enlarged through the years into a nationwide net-

1 work of services and facilities for the communication of
2 intelligence, the dissemination of information, the ad-
3 vancement of education and culture, and the distribution
4 of articles of commerce and industry;

5 (3) the development and expansion of these several
6 elements of postal service, under authorization by the
7 Congress, have been the impelling force in the origin
8 and growth of many and varied business, commercial,
9 and industrial enterprises which contribute materially
10 to the national economy and the public welfare and
11 which depend upon the continuance of these elements
12 of postal service;

13 (4) historically and as a matter of public policy
14 there have evolved, in the operations of the postal es-
15 tablishment authorized by the Congress, certain recog-
16 nized and accepted relationships among the several
17 classes of mail. It is clear also, from the continued
18 expansion of the postal service and the authorization
19 of certain services rendered or facilities provided at a
20 calculated loss to the Government, that the postal es-
21 tablishment performs some functions in which the public
22 interest outweighs the profit and loss factors which
23 would prevail if the postal establishment were operated
24 solely as a business enterprise;

1 (5) the postal establishment should be operated
2 in a businesslike manner but clearly is not a commercial
3 enterprise conducted for profit and it would be an unfair
4 burden upon users of the mails to compel them to under-
5 write those expenses incurred by the postal establish-
6 ment which are not related to the postal services they
7 receive;

8 (6) notwithstanding the need for all users of the
9 mails to be informed with reasonable certainty of the
10 postal rates and fees which will be imposed upon them,
11 the Congress heretofore has not laid down a firm policy
12 (except for fourth-class mail and certain special services
13 authorized by law) with respect to the identification and
14 evaluation of those services rendered by the postal estab-
15 lishment in whole or in part for the benefit of the
16 general public and those services which inure in whole
17 or in part to the benefit of certain users of the mails; and

18 (7) the public interest and the increasing com-
19 plexity of the social and economic fabric of the Nation
20 require an immediate, clear, and affirmative declaration
21 of congressional policy for the creation and maintenance
22 of a sound and equitable postal-rate structure which will
23 assure efficient service, produce adequate postal revenues,
24 and stand the test of time.

DECLARATION OF POLICY

2 SEC. 203. (a) The Congress hereby emphasizes, reaffirms, and restates its function under the Constitution of the
3 United States of forming postal policy.

(b) It is hereby declared to be the policy of the Congress, as set forth in this title—

(1) to provide a more stable basis for the postal-rate structure through the establishment of general principles, standards, and related requirements with respect to the determination and allocation of postal revenues and expenses; and

(2) in accordance with these general principles, standards, and related requirements, to provide a means by which the postal-rate structure may be fixed and adjusted by action of the Congress, from time to time, as the public interest may require, in the light of periodic reviews of the postal-rate structure, periodic studies and surveys of expenses and revenues, and periodic reports and recommendations, required to be made by the Postmaster General as provided by section 206 of this title, on the basis of the cost ascertainment system.

(c) The general principles, standards, and related requirements referred to in subsection (b) of this section are as follows:

25 (1) In the determination and adjustment of the

postal-rate structure, due consideration should be given
to—

(A) the preservation of the inherent advantages of the postal service in the promotion of social, cultural, intellectual, and commercial intercourse among the people of the United States,

(B) the development and maintenance of a postal service adapted to the present needs, and adaptable to the future needs, of the people of the United States,

(C) the promotion of adequate, economical, and efficient postal service at reasonable and equitable rates and fees,

(D) the effect of postal services and the impact of postal rates and fees on users of the mails,

(E) the requirements of the postal establishment with respect to the manner and form of preparation and presentation of mailings by the users of the various classes of mail service,

(F) the value of mail,

(G) the value of time of delivery of mail, and

(H) the quality and character of the service rendered in terms of priority, secrecy, security, speed of transmission, use of facilities and manpower, and other pertinent service factors.

1 (2) The acceptance, transportation, and delivery of
2 first-class mail constitutes a preferred service of the
3 postal establishment and, therefore, the postage for first-
4 class mail should be sufficient to cover (A) the entire
5 amount of the expenses allocated to first-class mail in
6 the manner provided by this title and (B) an addi-
7 tional amount representing the fair value of all extraor-
8 dinary and preferential services, facilities, and factors
9 relating thereto.

10 (3) Those services, elements of service, and facil-
11 ities rendered and provided by the postal establishment
12 in accordance with law, including services having public
13 service aspects, which, in whole or in part, are held and
14 considered by the Congress from time to time to be pub-
15 lic services for the purposes of this title shall be ad-
16 ministered on the following basis:

17 (A) the sum of such public service items should
18 be assumed directly by the Federal Government
19 and paid directly out of the general fund of the
20 Treasury and should not constitute direct charges in
21 the form of rates and fees upon any user or class of
22 users of such public services, or of the mails gen-
23 erally, and

24 (B) nothing contained in any provision of

1 this title should be construed as indicating any
2 intention on the part of the Congress (i) that such
3 public services, or any of them, should be limited
4 or restricted or (ii) to derogate in any way from
5 the need and desirability thereof in the public
6 interest.

7 (4) For the purpose of the determination and
8 adjustment of the postal-rate structure in the manner
9 provided by this title and by section 207 of the Act
10 of February 28, 1925, as amended (39 U. S. C. 247),
11 and section 12 of the Act of October 30, 1951 (39
12 U. S. C. 246f), the postal rates shall be adjusted from
13 time to time so that the total amount of the adjusted
14 revenues shall be approximately equivalent to the total
15 amount of the expenses, both as determined in the
16 manner provided by this title.

17 AUTHORIZATION OF APPROPRIATED FUNDS

18 SEC. 204. There is hereby authorized to be appropriated
19 to the revenues of the Post Office Department for each fiscal
20 year from any money in the Treasury not otherwise appro-
21 priated an amount equal to the sum of the public service
22 items referred to in section 203 (c) (3). Such appropria-
23 tions shall be available to enable the Postmaster General to
24 pay into postal revenues at quarterly or other intervals such

1 amounts as he shall determine to be necessary to reimburse
2 the Post Office Department for such expenses and losses of
3 revenue.

4 APPLICATION OF COST ASCERTAINMENT SYSTEM

5 SEC. 205. (a) For the purposes of this title, revenues
6 and expenses shall be determined and ascertained, and each
7 allocation and apportionment with respect thereto shall be
8 made, upon the basis of the cost ascertainment system, to the
9 extent not otherwise indicated in this title.

10 (b) Nothing in this title shall be construed to affect the
11 cost ascertainment system or any authority, power, duty, or
12 procedure of the Postmaster General or of the postal estab-
13 lishment generally, except to the extent necessary to carry
14 out this title.

15 REVIEWS, STUDIES, SURVEYS, REPORTS, AND RECOMMENDA-

16 TIONS OF POSTMASTER GENERAL

17 SEC. 206. (a) The Postmaster General is authorized
18 and directed to initiate and conduct, through the facilities
19 of the postal establishment, either on a continuing basis or
20 from time to time, as he deems advisable, but not less often
21 than every two years, a review of the postal-rate structure
22 and a study and survey of the expenses incurred and the
23 revenues received in connection with the several classes of

1 mail, and the various classes and kinds of services and facili-
 2 ties provided by the postal establishment, in order to deter-
 3 mine, on the basis of such review, study, and survey for each
 4 class and kind of service or facility provided by the postal
 5 establishment, the need for adjustment of postal rates and
 6 fees in the manner provided by this title.

7 (b) The Postmaster General shall submit to the Senate
 8 and the House of Representatives not later than April 15 of
 9 each alternate fiscal year, beginning with the fiscal year
 10 ending June 30, 1959, a report of the results of the review,
 11 study, and survey conducted pursuant to subsection (a) of
 12 this section. Such report shall include—

13 (1) information with respect to expenses and
 14 revenues which is pertinent to the allocation of expenses
 15 and the determination and adjustment of postal rates
 16 and fees in the manner provided by this title,

17 (2) such other information as is necessary to enable
 18 the Congress, or as may be required by the Congress
 19 or an appropriate committee thereof, to carry out the
 20 purposes of this title, and

21 (3) such recommendations as the Postmaster Gen-
 22 eral deems appropriate.

1 CONGRESSIONAL ACTION PREREQUISITE TO ADJUSTMENTS
2 IN POSTAGE RATES AND FEES

3 SEC. 207. Except as otherwise provided by law, nothing
4 in this title shall be construed to authorize any change, ad-
5 justment, or revision with respect to any postal rate or
6 fee, except by further action of the Congress.

7 DEFINITIONS

8 SEC. 208. (a) For the purposes of this title, the term—

9 (1) “cost ascertainment system” means the cost
10 ascertainment system (including the principles and
11 standards thereof) utilized by the Post Office Depart-
12 ment (39 U. S. C. 826) for the ascertainment and
13 allocation of expenses and revenues of the postal service,
14 as in effect from time to time, to the extent consistent
15 with this title;

16 (2) “revenues” and “costs”, whether applied to
17 the total postal operation or to the mail classes or serv-
18 ices, shall have the same meaning as when used in the
19 cost ascertainment report, and the terms “costs” and
20 “expenses” shall be synonymous; and

21 (3) “adjusted revenues”, whether applied to the
22 total postal operations or to the mail classes and services,
23 shall mean the revenues, increased by the sums author-
24 ized under section 204 to be appropriated to the Post

1 Office Department for the public service items referred
2 to in section 203 (c) (3) .

3 (b) Whenever reference is made in this title, or in any
4 other law or regulation in connection with this title, to any
5 of the several classes of mail and services, such reference
6 shall have the same meaning as when used in the cost
7 ascertainment report, except that first-class mail shall include
8 domestic air mail other than air parcel post.

A BILL

To readjust postal rates and to establish a congressional policy for the determination of postal rates, and for other purposes.

By Mr. JOHNSTON of South Carolina and Mr.
CARLSON

MARCH 8 (legislative day, MARCH 2), 1957
Read twice and referred to the Committee on Post
Office and Civil Service

A. 1911.

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85TH CONGRESS
1ST SESSION

H. R. 5836

IN THE HOUSE OF REPRESENTATIVES

MARCH 11, 1957

Mr. MURRAY introduced the following bill; which was referred to the Committee on Post Office and Civil Service

A BILL

To readjust postal rates and to establish a congressional policy for the determination of postal rates, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

GENERAL STATEMENT

4 In the light of the findings in title II of this Act and
5 information received by the Congress with respect to postal
6 activities, revenues, and expenses, the Congress recognizes
7 that—

8 (1) adjustments in presently existing postal rates
9 and fees are necessary and desirable in order that, to
10 the extent consistent with the public interest and the

J. 86001—1

1 policies in title II of this Act, postal revenues will
 2 more nearly equal postal expenses; and

3 (2) it is necessary and desirable in the public
 4 interest that the Congress establish a definite, affirmative,
 5 and integrated policy with respect to postal activities,
 6 revenues, and expenses which will serve as a guide in
 7 the determination and adjustment by the Congress,
 8 from time to time, of the postal-rate structure.

9 TITLE I—POSTAL RATE INCREASES

10 SHORT TITLE

11 SEC. 101. This title may be cited as the “Postal Rate
 12 Increase Act, 1957.”

13 FIRST-CLASS MAIL

14 SEC. 102. (a) That part of the first section of the Joint
 15 Resolution of June 30, 1947 (61 Stat. 213; 39 U. S. C.
 16 280), which precedes the proviso, is amended by striking
 17 out “3 cents” and inserting in lieu thereof “4 cents”.

18 (b) Section 1 of the Act of October 30, 1951 (65 Stat.
 19 672; 39 U. S. C. 280), as amended, is further amended—

20 (1) by striking out “2 cents” wherever appearing
 21 in subsection (a) and inserting in lieu thereof “3 cents”;
 22 and

23 (2) by striking out “2 cents” in subsection (b)
 24 and inserting in lieu thereof “3 cents”.

DOMESTIC AIRMAIL

SEC. 103. Section 201 of the Postal Rate Revision and Federal Employees Salary Act of 1948 (62 Stat. 1261; 39 U. S. C. 463a) is amended—

(1) by striking out “6 cents” in the first sentence and inserting in lieu thereof “7 cents”; and

(2) by striking out “4 cents” in the second sentence and inserting in lieu thereof “5 cents”.

SECOND-CLASS MAIL

SEC. 104. (a) Section 2 (a) of the Act of October 30, 1951 (65 Stat. 672; 39 U. S. C. 289a), is amended by inserting immediately before the colon which precedes the first proviso the following: “, and (4) such postage is further adjusted to the amounts set forth in the following table, on the dates specified:

	Effective July 1, 1957 (cents per pound, or fraction thereof)	Effective July 1, 1958 (cents per pound, or fraction thereof)	Effective July 1, 1959 (cents per pound, or fraction thereof)	Effective July 1, 1960 (cents per pound, or fraction thereof)
A publication having not more than 5 per centum of its space devoted to advertisements, and that portion of other publications devoted to matter other than advertisements	2.2	2.5	2.8	3.1
Advertising portion of a publication having more than 5 per centum of its space devoted to advertisements:				
First and second zones	2.2	2.5	2.8	3.1
Third zone	3.0	3.4	3.8	4.2
Fourth zone	4.5	5.1	5.7	6.2
Fifth zone	6.0	6.8	7.5	8.3
Sixth zone	7.5	8.4	9.4	10.4
Seventh zone	9.0	10.1	11.3	12.5
Eighth zone	10.5	11.8	13.2	14.6

1 The adjustment in postage contained in the amendment made
2 by this subsection shall not apply to any issue of a newspaper
3 with respect to which issue the entire press run consists of
4 five thousand copies or less and the rate or rates of postage,
5 as in effect immediately prior to the date of enactment of
6 this Act, for the mailing of any issue of any newspaper to
7 which this sentence applies shall remain in effect until other-
8 wise provided by Congress.

9 (b) Section 2 (c) of such Act of October 30, 1951,
10 is amended by striking out "one-eighth of 1 cent" and in-
11 serting in lieu thereof "one-fourth of 1 cent, except that
12 (1) the postage on each individually addressed copy mailed
13 by the organizations listed, and for the purposes prescribed
14 in the second and third provisos of subsection (a) of this
15 section, and each individually addressed copy of a publication
16 of the second class addressed for delivery within the county
17 and not entitled to the free-in-county mailing privilege, shall
18 not be less than one-eighth of 1 cent, and (2) the per copy
19 rates prescribed for publications covered by section 25 of
20 the Act of March 3, 1879, as amended (39 U. S. C. 286),
21 are continued".

22 (c) Section 2 (d) of such Act of October 30, 1951, is
23 amended by striking out "1 cent" and inserting in lieu thereof
24 "1½ cents".

CONTROLLED CIRCULATION PUBLICATIONS

SEC. 105. Section 203 of the Postal Rate Revision and Federal Employees Salary Act of 1948 (62 Stat. 1262; 39 U. S. C. 291b), is amended—

(1) by striking out “10 cents a pound or fraction thereof” and inserting in lieu thereof “12 cents a pound or fraction thereof regardless of the weight of the individual copies”; and

(2) by adding at the end thereof a new sentence reading “The rates provided in this section shall remain in effect until otherwise provided by Congress.”.

THIRD-CLASS MAIL

SEC. 106. Section 3 of the Act of October 30, 1951 (65 Stat. 673; 39 U. S. C. 290a-1), is amended—

(1) in that part of such section which precedes the first proviso—

(A) by striking out “2 cents” wherever appearing therein and inserting in lieu thereof “3 cents”;

(B) by striking out “1 cent” and inserting in lieu thereof “1½ cents”; and

(C) by striking out “1½ cents for each additional two ounces or fraction thereof” and inserting

1 in lieu thereof “1 cent for each additional ounce or
2 fraction thereof”;

3 (2) in the first proviso contained in such section,
4 by striking out “\$10” and inserting in lieu thereof
5 “\$20”;

6 (3) in the second proviso contained in such sec-
7 tion—

8 (A) by striking out “14 cents” and inserting
9 in lieu thereof “16 cents”;

10 (B) by striking out “1 cent” wherever appear-
11 ing therein and inserting in lieu thereof “2 cents”;
12 and

13 (C) by striking out “10 cents” and inserting
14 in lieu thereof “12 cents”;

15 (4) by striking out the third proviso contained in
16 such section and inserting in lieu thereof “*Provided*
17 *further*, That the minimum charge per piece of 2 cents
18 specified in the foregoing proviso shall be increased to
19 2½ cents on July 1, 1959:”; and

20 (5) in the fourth proviso contained in such section,
21 by striking out “3 cents” and inserting in lieu thereof
22 “5 cents”.

23 FOURTH-CLASS MAIL

24 SEC. 107. Sections 204 (d) and (e) of the Postal Rate
25 Revision and Federal Employees Salary Act of 1948 (62

1 Stat. 1262), as amended (39 U. S. C. 292a (d) and (e)),
2 are amended to read as follows:

3 “(d) The following materials when in parcels not ex-
4 ceeding seventy pounds in weight may be sent at the postage
5 rate of 10 cents for the first pound or fraction thereof and 5
6 cents for each additional pound or fraction thereof, and this
7 rate shall continue until otherwise provided by the Congress:
8 (1) books permanently bound for preservation consisting
9 wholly of reading matter or scholarly bibliography or reading
10 matter with incidental blank spaces for students’ notations
11 and containing no advertising matter other than incidental
12 announcements of books; (2) sixteen-millimeter films and
13 sixteen-millimeter film catalogs except when sent to com-
14 mercial theaters; (3) printed music whether in bound form
15 or in sheet form; (4) printed objective test materials and
16 accessories thereto used by or in behalf of educational institu-
17 tions in the testing of ability, aptitude, achievement, interests,
18 and other mental and personal qualities with or without
19 answers, test scores, or identifying information recorded
20 thereon in writing or by mark; and (5) manuscripts for
21 books, periodical articles, and music.

22 “(e) (1) The following materials when in parcels not
23 exceeding seventy pounds in weight when loaned or ex-
24 changed between (A) schools, colleges, or universities and
25 (B) public libraries, religious, educational, scientific, philan-

1 thropic, agricultural, labor, veterans, or fraternal organiza-
2 tions or associations not organized for profit and none of the
3 net income of which inures to the benefit of any private stock-
4 holder or individual, or between such organizations and their
5 members or readers or borrowers, shall be charged with post-
6 age at the rate of 4 cents for the first pound or fraction
7 thereof and 1 cent for each additional pound or fraction
8 thereof, except that the rates now or hereafter prescribed for
9 third- or fourth-class matter shall apply in every case where
10 such rate is lower than the rate prescribed in this subsection,
11 and this rate shall continue until otherwise provided by the
12 Congress: (i) books consisting wholly of reading matter or
13 scholarly bibliography or reading matter with incidental
14 blank spaces for students' notations and containing no adver-
15 tising matter other than incidental announcements of books;
16 (ii) printed music, whether in bound form or in sheet form;
17 (iii) bound volumes of academic theses in typewritten or
18 other duplicated form and bound volumes of periodicals; and
19 (iv) other library materials in printed, duplicated, or photo-
20 graphic form or in the form of unpublished manuscripts.

21 “(2) The rate provided in paragraph (1) for books
22 may apply to sixteen-millimeter films, filmstrips, transparen-
23 cies for projection and slides, microfilms, sound recordings,
24 and catalogs of such materials when sent in parcels not ex-
25 ceeding seventy pounds in weight to or from (A) schools,

1 colleges, or universities and (B) public libraries, religious,
 2 educational, scientific, philanthropic, agricultural, labor, vet-
 3 erans, or fraternal organizations or associations, not organized
 4 for profit and none of the net income of which inures to the
 5 benefit of any private stockholder or individual.

6 “(3) Public libraries, organizations, or associations,
 7 before being entitled to the rates specified in paragraphs
 8 (1) and (2) of this subsection, shall furnish to the Post-
 9 master General, under such regulations as he may prescribe,
 10 satisfactory evidence that none of their net income inures to
 11 the benefit of any private stockholder or individual.”

12 DETERMINATION OF CLASS OF POST OFFICE AND COMPEN-
 13 SATION OF POSTMASTER AND CERTAIN EMPLOYEES

14 SEC. 108. On and after January 1, 1958, 80 per centum
 15 of the gross postal receipts of all classes of post offices shall
 16 be counted for the purpose of determining the class of the
 17 post office or the compensation or allowances of postmas-
 18 ters or other employees whose compensation or allowances
 19 are based on the annual receipts of such offices. Nothing
 20 contained in this section shall operate to decrease the com-
 21 pensation or allowances in effect immediately prior to Jan-
 22 uary 1, 1958, for postmasters and other employees in the
 23 postal field service on such date whose compensation or al-
 24 lowances are based on the annual receipts of such offices.

REPEALS

1
2 SEC. 109. The last sentence of section 4 (a) of the Civil
3 Service Retirement Act as contained in the Civil Service Re-
4 tirement Act Amendments of 1956 (70 Stat. 747) is
5 hereby repealed, and hereafter the amounts contributed by
6 the Post Office Department to the civil service retirement
7 and disability fund in compliance with such section 4 (a) of
8 the Civil Service Retirement Act shall be considered as costs
9 of providing postal service for the purpose of establishing
10 postal rates.

CONDITIONS PRECEDENT TO WITHDRAWAL FROM GENERAL

FUND OF TREASURY

13 SEC. 110. That part of the paragraph under the heading
14 "General Provisions" under the appropriations for the Post
15 Office Department contained in chapter IV of the Supple-
16 mental Appropriation Act, 1951 (64 Stat. 1050; 31 U. S.
17 C. 695), which precedes the proviso is amended by striking
18 out "the receipt of revenue from fourth-class mail service
19 sufficient to pay the cost of such service" and inserting in
20 lieu thereof "(1) that the revenues from fourth-class mail
21 service will not exceed by more than 3 per centum the
22 costs thereof, or (2) that the costs of such fourth-class mail
23 service will not exceed by more than 3 per centum the
24 revenues therefrom".

EFFECTIVE DATES

SEC. 111. (a) The rates of postage prescribed by this title, except those prescribed in section 104 (a), shall become effective on July 1, 1957.

(b) The rates of postage prescribed by section 104 (a) of this title shall become effective as provided in such section 104 (a).

(c) The fee prescribed by section 106 (2) of this title shall become effective on January 1, 1958.

(d) Section 109 of this title shall become effective as of the effective date of the Civil Service Retirement Act Amendments of 1956.

TITLE II—POSTAL RATE POLICY

SHORT TITLE

SEC. 201. This title may be cited as the "Postal Rate Policy Act".

FINDINGS

SEC. 202. The Congress hereby finds that—

(1) the postal establishment was created to unite more closely the American people, to promote the general welfare, and to advance the national economy;

(2) the postal establishment has been extended and enlarged through the years into a nationwide network of services and facilities for the communication

1 of intelligence, the dissemination of information, the
2 advancement of education and culture, and the distribu-
3 tion of articles of commerce and industry;

4 (3) the development and expansion of these
5 several elements of postal service, under authorization
6 by the Congress, have been the impelling force in the
7 origin and growth of many and varied business, com-
8 mercial, and industrial enterprises which contribute
9 materially to the national economy and the public wel-
10 fare and which depend upon the continuance of these
11 elements of postal service;

12 (4) historically and as a matter of public policy
13 there have evolved, in the operations of the postal
14 establishment authorized by the Congress, certain
15 recognized and accepted relationships among the several
16 classes of mail. It is clear also, from the continued
17 expansion of the postal service and the authorization of
18 certain services rendered or facilities provided at a
19 calculated loss to the Government, that the postal estab-
20 lishment performs some functions in which the public
21 interest outweighs the profit and loss factors which
22 would prevail if the postal establishment were operated
23 solely as a business enterprise;

24 (5) the postal establishment should be operated

1 in a businesslike manner but clearly is not a commercial
2 enterprise conducted for profit and it would be an unfair
3 burden upon users of the mails to compel them to under-
4 write those expenses incurred by the postal establish-
5 ment which are not related to the postal services they
6 receive;

7 (6) Notwithstanding the need for all users of the
8 mails to be informed with reasonable certainty of the
9 postal rates and fees which will be imposed upon them,
10 the Congress heretofore has not laid down a firm policy
11 (except for fourth-class mail and certain special services
12 authorized by law) with respect to the identification
13 and evaluation of those services rendered by the postal
14 establishment in whole or in part for the benefit of
15 the general public and those services which inure in
16 whole or in part to the benefit of certain users of the
17 mails; and

18 (7) the public interest and the increasing com-
19 plexity of the social and economic fabric of the Nation
20 require an immediate, clear, and affirmative declaration
21 of congressional policy for the creation and maintenance
22 of a sound and equitable postal-rate structure which will
23 assure efficient service, produce adequate postal revenues,
24 and stand the test of time.

DECLARATION OF POLICY

1

2 SEC. 203. (a) The Congress hereby emphasizes, re-
3 affirms, and restates its function under the Constitution of
4 the United States of forming postal policy.

5 (b) It is hereby declared to be the policy of the Con-
6 gress, as set forth in this title—

7 (1) to provide a more stable basis for the postal-
8 rate structure through the establishment of general
9 principles, standards, and related requirements with
10 respect to the determination and allocation of postal
11 revenues and expenses; and

12 (2) in accordance with these general principles,
13 standards, and related requirements, to provide a means
14 by which the postal-rate structure may be fixed and
15 adjusted by action of the Congress, from time to time,
16 as the public interest may require, in the light of
17 periodic reviews of the postal-rate structure, periodic
18 studies and surveys of expenses and revenues, and peri-
19 odic reports and recommendations, required to be made
20 by the Postmaster General as provided by section 206
21 of this title, on the basis of the cost ascertainment
22 system.

23 (c) The general principles, standards, and related re-

1 requirements referred to in subsection (b) of this section are
2 as follows:

3 (1) In the determination and adjustment of the
4 postal-rate structure, due consideration should be given
5 to—

6 (A) the preservation of the inherent advan-
7 tages of the postal service in the promotion of social,
8 cultural, intellectual, and commercial intercourse
9 among the people of the United States,

10 (B) the development and maintenance of a
11 postal service adapted to the present needs, and
12 adaptable to the future needs, of the people of the
13 United States,

14 (C) the promotion of adequate, economical,
15 and efficient postal service at reasonable and equi-
16 table rates and fees,

17 (D) the effect of postal services and the im-
18 pact of postal rates and fees on users of the mails,

19 (E) the requirements of the postal establish-
20 ment with respect to the manner and form of prepa-
21 ration and presentation of mailings by the users of
22 the various classes of mail service,

23 (F) the value of mail,

1 (G) the value of time of delivery of mail, and

2 (H) the quality and character of the service
3 rendered in terms of priority, secrecy, security,
4 speed of transmission, use of facilities and man-
5 power, and other pertinent service factors.

6 (2) The acceptance, transportation, and delivery of
7 first-class mail constitutes a preferred service of the
8 postal establishment and, therefore, the postage for first-
9 class mail should be sufficient to cover (A) the entire
10 amount of the expenses allocated to first-class mail in
11 the manner provided by this title and (B) an additional
12 amount representing the fair value of all extraordinary
13 and preferential services, facilities, and factors relating
14 thereto.

15 (3) Those services, elements of service, and facili-
16 ties rendered and provided by the postal establishment
17 in accordance with law, including services having public
18 service aspects, which, in whole or in part, are held
19 and considered by the Congress from time to time to be
20 public services for the purposes of this title shall be
21 administered on the following basis:

22 (A) the sum of such public service items
23 should be assumed directly by the Federal Govern-
24 ment and paid directly out of the general fund of
25 the Treasury and should not constitute direct charges

1 in the form of rates and fees upon any user or
2 class of users of such public services, or of the mails
3 generally, and

4 (B) nothing contained in any provision of this
5 title should be construed as indicating any intention
6 on the part of the Congress (i) that such public
7 services, or any of them, should be limited or re-
8 stricted or (ii) to derogate in any way from the
9 need and desirability thereof in the public interest.

10 (4) For the purpose of the determination and ad-
11 justment of the postal-rate structure in the manner pro-
12 vided by this title and by section 207 of the Act of
13 February 28, 1925, as amended (39 U. S. C., sec.
14 247), and section 12 of the Act of October 30, 1951
15 (39 U. S. C., sec. 246f), the postal rates shall be ad-
16 justed from time to time so that the total amount of the
17 adjusted revenues shall be approximately equivalent to
18 the total amount of the expenses, both as determined in
19 the manner provided by this title.

20 AUTHORIZATION OF APPROPRIATED FUNDS

21 SEC. 204. There is hereby authorized to be appropriated
22 to the revenues of the Post Office Department for each fiscal
23 year from any money in the Treasury not otherwise appro-
24 priated an amount equal to the sum of the public service
25 items referred to in section 203 (c) (3). Such appropria-

1 tions shall be available to enable the Postmaster General to
2 pay in to postal revenues at quarterly or other intervals such
3 amounts as he shall determine to be necessary to reimburse
4 the Post Office Department for such expenses and losses of
5 revenue.

6 APPLICATION OF COST ASCERTAINMENT SYSTEM

7 SEC. 205. (a) For the purposes of this title, revenues
8 and expenses shall be determined and ascertained, and each
9 allocation and apportionment with respect thereto shall be
10 made, upon the basis of the cost ascertainment system, to the
11 extent not otherwise indicated in this title.

12 (b) Nothing in this title shall be construed to affect
13 the cost ascertainment system or any authority, power, duty,
14 or procedure of the Postmaster General or of the postal
15 establishment generally, except to the extent necessary to
16 carry out this title.

17 REVIEWS, STUDIES, SURVEYS, REPORTS, AND RECOM-
18 MENDATIONS OF POSTMASTER GENERAL

19 SEC. 206. (a) The Postmaster General is authorized
20 and directed to initiate and conduct, through the facilities
21 of the postal establishment, either on a continuing basis or
22 from time to time, as he deems advisable, but not less often
23 than every two years, a review of the postal-rate structure
24 and a study and survey of the expenses incurred and the

1 revenues received in connection with the several classes of
2 mail, and the various classes and kinds of services and facili-
3 ties provided by the postal establishment, in order to de-
4 termine, on the basis of such review, study, and survey for
5 each class and kind of service or facility provided by the
6 postal establishment, the need for adjustment of postal rates
7 and fees in the manner provided by this title.

8 (b) The Postmaster General shall submit to the Senate
9 and the House of Representatives not later than April 15
10 of each alternate fiscal year, beginning with the fiscal year
11 ending June 30, 1959, a report of the results of the review,
12 study, and survey conducted pursuant to subsection (a) of
13 this section. Such report shall include—

14 (1) information with respect to expenses and reve-
15 nues which is pertinent to the allocaton of expenses and
16 the determination and adjustment of postal rates and
17 fees in the manner provided by this title,

18 (2) such other information as is necessary to en-
19 able the Congress, or as may be required by the Con-
20 gress or an appropriate committee thereof, to carry out
21 the purposes of this title, and

22 (3) such recommendations as the Postmaster Gen-
23 eral deems appropriate.

1 CONGRESSIONAL ACTION PREREQUISITE TO ADJUSTMENTS
2 IN POSTAGE RATES AND FEES

3 SEC. 207. Except as otherwise provided by law, nothing
4 in this title shall be construed to authorize any change, ad-
5 justment, or revision with respect to any postal rate or fee,
6 except by further action of the Congress.

7 DEFINITIONS

8 SEC. 208. (a) For the purposes of this title, the term—

9 (1) “cost ascertainment system” means the cost
10 ascertainment system (including the principles and
11 standards thereof) utilized by the Post Office Depart-
12 ment (39 U. S. C., sec. 826) for the ascertainment
13 and allocation of expenses and revenues of the postal
14 service, as in effect from time to time, to the extent con-
15 sistent with this title;

16 (2) “revenues” and “costs”, whether applied to the
17 total postal operation or to the mail classes or services,
18 shall have the same meaning as when used in the Cost
19 Ascertainment Report, and the terms “costs” and “ex-
20 penses” shall be synonymous; and

21 (3) “adjusted revenues”, whether applied to the
22 total postal operations or to the mail classes and services,
23 shall mean the revenues, increased by the sums author-
24 ized under section 204 to be appropriated to the Post

1 Office Department for the public service items referred
2 to in section 203 (c) (3).

3 (b) Whenever reference is made in this title, or in any
4 other law or regulation in connection with this title, to any
5 of the several classes of mail and services, such reference
6 shall have the same meaning as when used in the Cost Ascertain-
7 tainment Report, except that first-class mail shall include
8 domestic air mail other than air parcel post.

A BILL

To readjust postal rates and to establish a congressional policy for the determination of postal rates, and for other purposes.

By Mr. MURRAY

MARCH 11, 1957

Referred to the Committee on Post Office and Civil
Service

85TH CONGRESS
1ST SESSION

H. R. 5839

IN THE HOUSE OF REPRESENTATIVES

MARCH 11, 1957

Mr. REES of Kansas introduced the following bill; which was referred to the
Committee on Post Office and Civil Service

A BILL

To readjust postal rates and to establish a congressional policy
for the determination of postal rates, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 GENERAL STATEMENT

4 In the light of the findings in title II of this Act and
5 information received by the Congress with respect to postal
6 activities, revenues, and expenses, the Congress recognizes
7 that—

8 (1) adjustments in presently existing postal rates
9 and fees are necessary and desirable in order that, to
10 the extent consistent with the public interest and the

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1 policies in title II of this Act, postal revenues will
2 more nearly equal postal expenses; and

3 (2) it is necessary and desirable in the public
4 interest that the Congress establish a definite, affirmative,
5 and integrated policy with respect to postal activities,
6 revenues, and expenses which will serve as a guide in
7 the determination and adjustment by the Congress,
8 from time to time, of the postal-rate structure.

9 TITLE I—POSTAL RATE INCREASES

10 SHORT TITLE

11 SEC. 101. This title may be cited as the "Postal Rate
12 Increase Act, 1957."

13 FIRST-CLASS MAIL

14 SEC. 102. (a) That part of the first section of the Joint
15 Resolution of June 30, 1947 (61 Stat. 213; 39 U. S. C.
16 280), which precedes the proviso, is amended by striking
17 out "3 cents" and inserting in lieu thereof "4 cents".

18 (b) Section 1 of the Act of October 30, 1951 (65 Stat.
19 672; 39 U. S. C. 280), as amended, is further amended—

20 (1) by striking out "2 cents" wherever appearing
21 in subsection (a) and inserting in lieu thereof "3 cents";
22 and

23 (2) by striking out "2 cents" in subsection (b)
24 and inserting in lieu thereof "3 cents".

DOMESTIC AIRMAIL

SEC. 103. Section 201 of the Postal Rate Revision and Federal Employees Salary Act of 1948 (62 Stat. 1261; 39 U. S. C. 463a) is amended—

(1) by striking out “6 cents” in the first sentence and inserting in lieu thereof “7 cents”; and

(2) by striking out “4 cents” in the second sentence and inserting in lieu thereof “5 cents”.

SECOND-CLASS MAIL

SEC. 104. (a) Section 2 (a) of the Act of October 30, 1951 (65 Stat. 672; 39 U. S. C. 289a), is amended by inserting immediately before the colon which precedes the first proviso the following: “, and (4) such postage is further adjusted to the amounts set forth in the following table, on the dates specified:

	Effective July 1, 1957 (cents per pound, or fraction thereof)	Effective July 1, 1958 (cents per pound, or fraction thereof)	Effective July 1, 1959 (cents per pound, or fraction thereof)	Effective July 1, 1960 (cents per pound, or fraction thereof)
A publication having not more than 5 per centum of its space devoted to advertisements, and that portion of other publications devoted to matter other than advertisements.....	2. 2	2. 5	2. 8	3. 1
Advertising portion of a publication having more than 5 per centum of its space devoted to advertisements:				
First and second zones.....	2. 2	2. 5	2. 8	3. 1
Third zone.....	3. 0	3. 4	3. 8	4. 2
Fourth zone.....	4. 5	5. 1	5. 7	6. 2
Fifth zone.....	6. 0	6. 8	7. 5	8. 3
Sixth zone.....	7. 5	8. 4	9. 4	10. 4
Seventh zone.....	9. 0	10. 1	11. 3	12. 5
Eighth zone.....	10. 5	11. 8	13. 2	14. 6”

1 The adjustment in postage contained in the amendment made
2 by this subsection shall not apply to any issue of a newspaper
3 with respect to which issue the entire press run consists of
4 five thousand copies or less and the rate or rates of postage,
5 as in effect immediately prior to the date of enactment of
6 this Act, for the mailing of any issue of any newspaper to
7 which this sentence applies shall remain in effect until other-
8 wise provided by Congress.

9 (b) Section 2 (c) of such Act of October 30, 1951,
10 is amended by striking out "one-eighth of 1 cent" and in-
11 serting in lieu thereof "one-fourth of 1 cent, except that
12 (1) the postage on each individually addressed copy mailed
13 by the organizations listed, and for the purposes prescribed
14 in the second and third provisos of subsection (a) of this
15 section, and each individually addressed copy of a publication
16 of the second class addressed for delivery within the county
17 and not entitled to the free-in-county mailing privilege, shall
18 not be less than one-eighth of 1 cent, and (2) the per copy
19 rates prescribed for publications covered by section 25 of
20 the Act of March 3, 1879, as amended (39 U. S. C. 286),
21 are continued".

22 (c) Section 2 (d) of such Act of October 30, 1951, is
23 amended by striking out "1 cent" and inserting in lieu thereof
24 " $1\frac{1}{2}$ cents".

CONTROLLED CIRCULATION PUBLICATIONS

SEC. 105. Section 203 of the Postal Rate Revision and Federal Employees Salary Act of 1948 (62 Stat. 1262; 39 U. S. C. 291b), is amended—

(1) by striking out “10 cents a pound or fraction thereof” and inserting in lieu thereof “12 cents a pound or fraction thereof regardless of the weight of the individual copies”; and

(2) by adding at the end thereof a new sentence reading “The rates provided in this section shall remain in effect until otherwise provided by Congress.”.

THIRD-CLASS MAIL

SEC. 106. Section 3 of the Act of October 30, 1951 (65 Stat. 673; 39 U. S. C. 290a-1), is amended—

(1) in that part of such section which precedes the first proviso—

(A) by striking out “2 cents” wherever appearing therein and inserting in lieu thereof “3 cents”;

(B) by striking out “1 cent” and inserting in lieu thereof “1½ cents”; and

(C) by striking out “1½ cents for each additional two ounces or fraction thereof” and inserting

1 in lieu thereof "1 cent for each additional ounce or
2 fraction thereof";

3 (2) in the first proviso contained in such section,
4 by striking out "\$10" and inserting in lieu thereof
5 "\$20";

6 (3) in the second proviso contained in such sec-
7 tion—

8 (A) by striking out "14 cents" and inserting
9 in lieu thereof "16 cents";

10 (B) by striking out "1 cent" wherever appear-
11 ing therein and inserting in lieu thereof "2 cents";
12 and

13 (C) by striking out "10 cents" and inserting
14 in lieu thereof "12 cents";

15 (4) by striking out the third proviso contained in
16 such section and inserting in lieu thereof "*Provided*
17 *further*, That the minimum charge per piece of 2 cents
18 specified in the foregoing proviso shall be increased to
19 2½ cents on July 1, 1959:"; and

20 (5) in the fourth proviso contained in such section,
21 by striking out "3 cents" and inserting in lieu thereof
22 "5 cents".

23 FOURTH-CLASS MAIL

24 SEC. 107. Sections 204 (d) and (e) of the Postal Rate
25 Revision and Federal Employees Salary Act of 1948 (62

1 Stat. 1262), as amended (39 U. S. C. 292a (d) and (e)),
2 are amended to read as follows:

3 “(d) The following materials when in parcels not ex-
4 ceeding seventy pounds in weight may be sent at the postage
5 rate of 10 cents for the first pound or fraction thereof and 5
6 cents for each additional pound or fraction thereof, and this
7 rate shall continue until otherwise provided by the Congress:
8 (1) books permanently bound for preservation consisting
9 wholly of reading matter or scholarly bibliography or reading
10 matter with incidental blank spaces for students’ notations
11 and containing no advertising matter other than incidental
12 announcements of books; (2) sixteen-millimeter films and
13 sixteen-millimeter film catalogs except when sent to com-
14 mercial theaters; (3) printed music whether in bound form
15 or in sheet form; (4) printed objective test materials and
16 accessories thereto used by or in behalf of educational institu-
17 tions in the testing of ability, aptitude, achievement, interests,
18 and other mental and personal qualities with or without
19 answers, test scores, or identifying information recorded
20 thereon in writing or by mark; and (5) manuscripts for
21 books, periodical articles, and music.

22 “(e) (1) The following materials when in parcels not
23 exceeding seventy pounds in weight when loaned or ex-
24 changed between (A) schools, colleges, or universities and
25 (B) public libraries, religious, educational, scientific, philan-

1 thropic, agricultural, labor, veterans, or fraternal organiza-
2 tions or associations not organized for profit and none of the
3 net income of which inures to the benefit of any private stock-
4 holder or individual, or between such organizations and their
5 members or readers or borrowers, shall be charged with post-
6 age at the rate of 4 cents for the first pound or fraction
7 thereof and 1 cent for each additional pound or fraction
8 thereof, except that the rates now or hereafter prescribed for
9 third- or fourth-class matter shall apply in every case where
10 such rate is lower than the rate prescribed in this subsection,
11 and this rate shall continue until otherwise provided by the
12 Congress: (i) books consisting wholly of reading matter or
13 scholarly bibliography or reading matter with incidental
14 blank spaces for students' notations and containing no adver-
15 tising matter other than incidental announcements of books;
16 (ii) printed music, whether in bound form or in sheet form;
17 (iii) bound volumes of academic theses in typewritten or
18 other duplicated form and bound volumes of periodicals; and
19 (iv) other library materials in printed, duplicated, or photo-
20 graphic form or in the form of unpublished manuscripts.

21 “(2) The rate provided in paragraph (1) for books
22 may apply to sixteen-millimeter films, filmstrips, transparen-
23 cies for projection and slides, microfilms, sound recordings,
24 and catalogs of such materials when sent in parcels not ex-
25 ceeding seventy pounds in weight to or from (A) schools,

1 colleges, or universities and (B) public libraries, religious,
 2 educational, scientific, philanthropic, agricultural, labor, vet-
 3 erans, or fraternal organizations or associations, not organized
 4 for profit and none of the net income of which inures to the
 5 benefit of any private stockholder or individual.

6 “(3) Public libraries, organizations, or associations,
 7 before being entitled to the rates specified in paragraphs
 8 (1) and (2) of this subsection, shall furnish to the Post-
 9 master General, under such regulations as he may prescribe,
 10 satisfactory evidence that none of their net income inures to
 11 the benefit of any private stockholder or individual.”

12 DETERMINATION OF CLASS OF POST OFFICE AND COMPEN-
 13 SATION OF POSTMASTER AND CERTAIN EMPLOYEES

14 SEC. 108. On and after January 1, 1958, 80 per centum
 15 of the gross postal receipts of all classes of post offices shall
 16 be counted for the purpose of determining the class of the
 17 post office or the compensation or allowances of postmas-
 18 ters or other employees whose compensation or allowances
 19 are based on the annual receipts of such offices. Nothing
 20 contained in this section shall operate to decrease the com-
 21 pensation or allowances in effect immediately prior to Jan-
 22 uary 1, 1958, for postmasters and other employees in the
 23 postal field service on such date whose compensation or al-
 24 lowances are based on the annual receipts of such offices.

REPEALS

1
2 SEC. 109. The last sentence of section 4 (a) of the Civil
3 Service Retirement Act as contained in the Civil Service Re-
4 tirement Act Amendments of 1956 (70 Stat. 747) is
5 hereby repealed, and hereafter the amounts contributed by
6 the Post Office Department to the civil service retirement
7 and disability fund in compliance with such section 4 (a) of
8 the Civil Service Retirement Act shall be considered as costs
9 of providing postal service for the purpose of establishing
10 postal rates.

CONDITIONS PRECEDENT TO WITHDRAWAL FROM GENERAL

FUND OF TREASURY

11
12
13 SEC. 110. That part of the paragraph under the heading
14 "General Provisions" under the appropriations for the Post
15 Office Department contained in chapter IV of the Supple-
16 mental Appropriation Act, 1951 (64 Stat. 1050; 31 U. S.
17 C. 695), which precedes the proviso is amended by striking
18 out "the receipt of revenue from fourth-class mail service
19 sufficient to pay the cost of such service" and inserting in
20 lieu thereof "(1) that the revenues from fourth-class mail
21 service will not exceed by more than 3 per centum the
22 costs thereof, or (2) that the costs of such fourth-class mail
23 service will not exceed by more than 3 per centum the
24 revenues therefrom".

EFFECTIVE DATES

SEC. 111. (a) The rates of postage prescribed by this title, except those prescribed in section 104 (a), shall become effective on July 1, 1957.

(b) The rates of postage prescribed by section 104 (a) of this title shall become effective as provided in such section 104 (a).

(c) The fee prescribed by section 106 (2) of this title shall become effective on January 1, 1958.

(d) Section 109 of this title shall become effective as of the effective date of the Civil Service Retirement Act Amendments of 1956.

TITLE II—POSTAL RATE POLICY

SHORT TITLE

SEC. 201. This title may be cited as the "Postal Rate Policy Act".

FINDINGS

SEC. 202. The Congress hereby finds that—

(1) the postal establishment was created to unite more closely the American people, to promote the general welfare, and to advance the national economy;

(2) the postal establishment has been extended and enlarged through the years into a nationwide network of services and facilities for the communication

1 of intelligence, the dissemination of information, the
2 advancement of education and culture, and the distribu-
3 tion of articles of commerce and industry;

4 (3) the development and expansion of these
5 several elements of postal service, under authorization
6 by the Congress, have been the impelling force in the
7 origin and growth of many and varied business, com-
8 mercial, and industrial enterprises which contribute
9 materially to the national economy and the public wel-
10 fare and which depend upon the continuance of these
11 elements of postal service;

12 (4) historically and as a matter of public policy
13 there have evolved, in the operations of the postal
14 establishment authorized by the Congress, certain
15 recognized and accepted relationships among the several
16 classes of mail. It is clear also, from the continued
17 expansion of the postal service and the authorization of
18 certain services rendered or facilities provided at a
19 calculated loss to the Government, that the postal estab-
20 lishment performs some functions in which the public
21 interest outweighs the profit and loss factors which
22 would prevail if the postal establishment were operated
23 solely as a business enterprise;

24 (5) the postal establishment should be operated

1 in a businesslike manner but clearly is not a commercial
2 enterprise conducted for profit and it would be an unfair
3 burden upon users of the mails to compel them to under-
4 write those expenses incurred by the postal establish-
5 ment which are not related to the postal services they
6 receive;

7 (6) Notwithstanding the need for all users of the
8 mails to be informed with reasonable certainty of the
9 postal rates and fees which will be imposed upon them,
10 the Congress heretofore has not laid down a firm policy
11 (except for fourth-class mail and certain special services
12 authorized by law) with respect to the identification
13 and evaluation of those services rendered by the postal
14 establishment in whole or in part for the benefit of
15 the general public and those services which inure in
16 whole or in part to the benefit of certain users of the
17 mails; and

18 (7) the public interest and the increasing com-
19 plexity of the social and economic fabric of the Nation
20 require an immediate, clear, and affirmative declaration
21 of congressional policy for the creation and maintenance
22 of a sound and equitable postal-rate structure which will
23 assure efficient service, produce adequate postal revenues,
24 and stand the test of time.

DECLARATION OF POLICY

SEC. 203. (a) The Congress hereby emphasizes, reaffirms, and restates its function under the Constitution of the United States of forming postal policy.

(b) It is hereby declared to be the policy of the Congress, as set forth in this title—

(1) to provide a more stable basis for the postal-rate structure through the establishment of general principles, standards, and related requirements with respect to the determination and allocation of postal revenues and expenses; and

(2) in accordance with these general principles, standards, and related requirements, to provide a means by which the postal-rate structure may be fixed and adjusted by action of the Congress, from time to time, as the public interest may require, in the light of periodic reviews of the postal-rate structure, periodic studies and surveys of expenses and revenues, and periodic reports and recommendations, required to be made by the Postmaster General as provided by section 206 of this title, on the basis of the cost ascertainment system.

(c) The general principles, standards, and related re-

1 requirements referred to in subsection (b) of this section are
2 as follows:

3 (1) In the determination and adjustment of the
4 postal-rate structure, due consideration should be given
5 to—

6 (A) the preservation of the inherent advan-
7 tages of the postal service in the promotion of social,
8 cultural, intellectual, and commercial intercourse
9 among the people of the United States,

10 (B) the development and maintenance of a
11 postal service adapted to the present needs, and
12 adaptable to the future needs, of the people of the
13 United States,

14 (C) the promotion of adequate, economical,
15 and efficient postal service at reasonable and equi-
16 table rates and fees,

17 (D) the effect of postal services and the im-
18 pact of postal rates and fees on users of the mails,

19 (E) the requirements of the postal establish-
20 ment with respect to the manner and form of prepa-
21 ration and presentation of mailings by the users of
22 the various classes of mail service,

23 (F) the value of mail,

1 (G) the value of time of delivery of mail, and

2 (H) the quality and character of the service
3 rendered in terms of priority, secrecy, security,
4 speed of transmission, use of facilities and man-
5 power, and other pertinent service factors.

6 (2) The acceptance, transportation, and delivery of
7 first-class mail constitutes a preferred service of the
8 postal establishment and, therefore, the postage for first-
9 class mail should be sufficient to cover (A) the entire
10 amount of the expenses allocated to first-class mail in
11 the manner provided by this title and (B) an additional
12 amount representing the fair value of all extraordinary
13 and preferential services, facilities, and factors relating
14 thereto.

15 (3) Those services, elements of service, and facili-
16 ties rendered and provided by the postal establishment
17 in accordance with law, including services having public
18 service aspects, which, in whole or in part, are held
19 and considered by the Congress from time to time to be
20 public services for the purposes of this title shall be
21 administered on the following basis:

22 (A) the sum of such public service items
23 should be assumed directly by the Federal Govern-
24 ment and paid directly out of the general fund of
25 the Treasury and should not constitute direct charges

1 in the form of rates and fees upon any user or
2 class of users of such public services, or of the mails
3 generally, and

4 (B) nothing contained in any provision of this
5 title should be construed as indicating any intention
6 on the part of the Congress (i) that such public
7 services, or any of them, should be limited or re-
8 stricted or (ii) to derogate in any way from the
9 need and desirability thereof in the public interest.

10 (4) For the purpose of the determination and ad-
11 justment of the postal-rate structure in the manner pro-
12 vided by this title and by section 207 of the Act of
13 February 28, 1925, as amended (39 U. S. C., sec.
14 247), and section 12 of the Act of October 30, 1951
15 (39 U. S. C., sec. 246f), the postal rates shall be ad-
16 justed from time to time so that the total amount of the
17 adjusted revenues shall be approximately equivalent to
18 the total amount of the expenses, both as determined in
19 the manner provided by this title.

20 AUTHORIZATION OF APPROPRIATED FUNDS

21 SEC. 204. There is hereby authorized to be appropriated
22 to the revenues of the Post Office Department for each fiscal
23 year from any money in the Treasury not otherwise appro-
24 priated an amount equal to the sum of the public service
25 items referred to in section 203 (c) (3). Such appropria-

1 tions shall be available to enable the Postmaster General to
2 pay in to postal revenues at quarterly or other intervals such
3 amounts as he shall determine to be necessary to reimburse
4 the Post Office Department for such expenses and losses of
5 revenue.

6 APPLICATION OF COST ASCERTAINMENT SYSTEM

7 SEC. 205. (a) For the purposes of this title, revenues
8 and expenses shall be determined and ascertained, and each
9 allocation and apportionment with respect thereto shall be
10 made, upon the basis of the cost ascertainment system, to the
11 extent not otherwise indicated in this title.

12 (b) Nothing in this title shall be construed to affect
13 the cost ascertainment system or any authority, power, duty,
14 or procedure of the Postmaster General or of the postal
15 establishment generally, except to the extent necessary to
16 carry out this title.

17 REVIEWS, STUDIES, SURVEYS, REPORTS, AND RECOM-

18 MENDATIONS OF POSTMASTER GENERAL

19 SEC. 206. (a) The Postmaster General is authorized
20 and directed to initiate and conduct, through the facilities
21 of the postal establishment, either on a continuing basis or
22 from time to time, as he deems advisable, but not less often
23 than every two years, a review of the postal-rate structure
24 and a study and survey of the expenses incurred and the

1 revenues received in connection with the several classes of
2 mail, and the various classes and kinds of services and facili-
3 ties provided by the postal establishment, in order to de-
4 termine, on the basis of such review, study, and survey for
5 each class and kind of service or facility provided by the
6 postal establishment, the need for adjustment of postal rates
7 and fees in the manner provided by this title.

8 (b) The Postmaster General shall submit to the Senate
9 and the House of Representatives not later than April 15
10 of each alternate fiscal year, beginning with the fiscal year
11 ending June 30, 1959, a report of the results of the review,
12 study, and survey conducted pursuant to subsection (a) of
13 this section. Such report shall include—

14 (1) information with respect to expenses and reve-
15 nues which is pertinent to the allocaton of expenses and
16 the determination and adjustment of postal rates and
17 fees in the manner provided by this title,

18 (2) such other information as is necessary to en-
19 able the Congress, or as may be required by the Con-
20 gress or an appropriate committee thereof, to carry out
21 the purposes of this title, and

22 (3) such recommendations as the Postmaster Gen-
23 eral deems appropriate.

1 CONGRESSIONAL ACTION PREREQUISITE TO ADJUSTMENTS
2 IN POSTAGE RATES AND FEES

3 SEC. 207. Except as otherwise provided by law, nothing
4 in this title shall be construed to authorize any change, ad-
5 justment, or revision with respect to any postal rate or fee,
6 except by further action of the Congress.

7 DEFINITIONS

8 SEC. 208. (a) For the purposes of this title, the term—

9 (1) “cost ascertainment system” means the cost
10 ascertainment system (including the principles and
11 standards thereof) utilized by the Post Office Depart-
12 ment (39 U. S. C., sec. 826) for the ascertainment
13 and allocation of expenses and revenues of the postal
14 service, as in effect from time to time, to the extent con-
15 sistent with this title;

16 (2) “revenues” and “costs”, whether applied to the
17 total postal operation or to the mail classes or services,
18 shall have the same meaning as when used in the Cost
19 Ascertainment Report, and the terms “costs” and “ex-
20 penses” shall be synonymous; and

21 (3) “adjusted revenues”, whether applied to the
22 total postal operations or to the mail classes and services,
23 shall mean the revenues, increased by the sums author-
24 ized under section 204 to be appropriated to the Post

1 Office Department for the public service items referred
2 to in section 203 (c) (3).

3 (b) Whenever reference is made in this title, or in any
4 other law or regulation in connection with this title, to any
5 of the several classes of mail and services, such reference
6 shall have the same meaning as when used in the Cost Ascer-
7 tainment Report, except that first-class mail shall include
8 domestic air mail other than air parcel post.

85TH CONGRESS
1ST Session

H. R. 5839

A BILL

To readjust postal rates and to establish a congressional policy for the determination of postal rates, and for other purposes.

By Mr. REES of Kansas

MARCH 11, 1957

Referred to the Committee on Post Office and Civil
Service

House

June 3, 1957

17. LEGISLATIVE PROGRAM. Sen. Mansfield announced the clearance of certain bills to be taken up on Wed. or soon thereafter (pp. 7351-2). Among them were the following: S. 1791, to extend the Reorganization Act until 1961; S. 1536, to transfer to the National Archives any records not in current use over 50 years old; and S. 434, to provide for stating budget and other appropriation estimates on an accrued expenditures basis.

18. ADJOURNED until Wed., June 5. p. 7352

HOUSE

19. FOREIGN TRADE; SURPLUS DISPOSAL. Began debate on H.R. 6974, to extend the Agricultural Trade Development and Assistance Act of 1954 (Public Law 480) for one year, to increase the authorization under Title I from \$3 billion to \$4 billion, and to authorize \$300 million additional under Title II for famine relief. pp. 7364-76

20. TOBACCO; CROP INSURANCE. Passed without amendment H.R. 7259, to modify the relation of price supports on burley and Virginia tobacco, and H.R. 632, to authorize the FCIC to provide reinsurance on any crop or plantation insurance provided in Puerto Rico by a duly authorized agency of Puerto Rico. p. 7360

21. FARM PROGRAM. Rep. Hill commended the Secretary's statement of May 16, 1957, before the House Agriculture Committee relative to a long-range farm program, and inserted the text of the statement. pp. 7380-83

Rep. Poage criticized the position of this Department on the cotton program, as well as a recent magazine editorial, "The Royal Nonesuch," relating to the cotton situation, and stated that the Department "either does not know or does not care much about cotton or cotton producers." pp. 7377-8

22. ELECTRIFICATION. Rep. Marshall criticized proposals to raise the interest rates on REA loans, and stated that if such rates were raised to 3½ percent it would make many of the existing and proposed projects of the rural electrification and rural telephone cooperatives infeasible. pp. 7378-79

Rep. Green inserted an Ore. Legislature memorial requesting the President to reconsider and to deny or substantially reduce the fast tax writeoff granted to the Idaho Power Co. for construction of dams on the Snake River. pp. 7376-77

23. FLOOD CONTROL. Rep. Edmondson urged the passage of flood disaster measures for the relief of flood victims, particularly farmers, in the Southwest. p. 7355

24. WOOL TEXTILES. Rep. Rogers urged restrictions on the importation of woolen textiles. p. 7355

25. MEATS. Passed over, at the request of Rep. Weaver, H.R. 7244, to amend the Packers and Stockyards Act of 1921 so as to permit deductions for a self-help meat-promotion program. pp. 7358-59

26. FORESTRY. Passed over, at the request of Rep. Cunningham, S. 469, to authorize the U.S. to defray the cost of assisting the Klamath Indians to prepare for termination of Federal supervision and to defer sales of tribal property, including timberlands. p. 7356

Both Houses received from Interior a proposed bill to provide for the leasing of oil and gas deposits in lands beneath inland navigable waters in Alaska; to Interior and Insular Affairs Committees. pp. 7233, 7394

A subcommittee of the Interior and Insular Affairs Committee ordered reported H.R. 7522, to authorize the extension of rights to certain individuals to remove timber from national forest lands. p. D480

Received a Tex. Legislature memorial proposing an amendment to the Constitution granting the power to the several States the right to conserve and regulate the exploration, production, and distribution of their petroleum products, water, sulfur, and all other minerals and natural resources. p. 7396

27. FOREIGN TRADE. Rep. Bailey criticized the Departments of State and Commerce for submitting unfavorable reports on proposed legislation to authorize the Tariff Commission to establish import quotas and to adjust import duties under certain conditions when there is injury to a domestic industry. pp. 7383-88
28. RECORDS. Passed without amendment H.R. 5110, to direct the transfer to the National Archives of any records of any Federal agency that are more than 50 years old and are not needed to conduct current business of the agency. p. 7359

29. POSTAL RATES. The Post Office and Civil Service Committee reported with amendment H.R. 5836, to readjust postal rates and to establish a congressional policy for the determination of postal rates (H. Rept. 524). p. 7394

30. TAXATION. As reported by the Ways and Means Committee on May 24 (H. Rept. 481), H.R. 7125 (the proposed Excise Tax Technical Changes Act of 1957) includes provisions as follows: To make effective the relief from tax intended by present law in the case of automotive parts or accessories used or resold for use as repair or replacement parts for farm equipment, the bill provides for sale of such parts on a tax-free basis, under certain conditions, when they are to be used or resold for use for such purposes. Clarifies the definitions of manufacturer of, and dealer in, tobacco materials, and requires that associations of tobacco growers keep certain records in order to indicate their bona fide nature. Imposes a time limit (until Sept. 30, 1961) for refund claims in connection with sugar inventories.

ITEMS IN APPENDIX

31. FLOOD RELIEF. Sen. Monroney inserted a statement he had prepared summarizing the damage caused by floods and tornadoes in the Southwest. pp. A4231-3
32. INFLATION. Sen. Robertson inserted an editorial, "Trend of the Economy--Danger: Inflation Fog Ahead." p. A4233
- Sen. Thurmond inserted an editorial summarizing a five-point program advanced by Sen. Talmadge "by which inflation and high taxes can be stopped." p. A4242
33. FOREIGN AID. Sen. Talmadge inserted an editorial questioning "perpetual foreign aid." pp. A4234-5
34. FARM INCOME; FAMILY FARM. Sen. Thye stated that "if this Nation should ever be so unfortunate as to lose the family farms and become solely dependent on corporate types of farming, I think we would see disappear the blessing of abundant supplies of food and fibers which American consumers have always had," and inserted two editorials on this subject. pp. A4239-41

POSTAL RATE READJUSTMENT AND POLICY

JUNE 3, 1957.—Committed to the Committee of the Whole House on the State of the Union and ordered to be printed

Mr. MURRAY, from the Committee on Post Office and Civil Service, submitted the following

R E P O R T

[To accompany H. R. 5836]

The Committee on Post Office and Civil Service, to whom was referred the bill (H. R. 5836) to readjust postal rates and to establish a congressional policy for the determination of postal rates, and for other purposes, having considered the same, report favorably thereon with amendments and recommend that the bill, as amended, do pass.

AMENDMENTS

The amendments are as follows:

(1) Page 2, line 2, immediately before the semicolon, insert "and postal service will be improved".

(2) Page 9, strike out lines 14 to 24, inclusive, and insert in lieu thereof the following:

SEC. 108. Eighty-two per centum of the gross postal receipts of all classes of post offices accruing on or after the effective date of the rate of postage prescribed by section 102 (a) of this Act shall be counted for the purpose of determining the classes of the respective post offices and the compensation and allowances of postmasters and other employees whose compensation or allowances are based on the annual gross receipts of such post offices. Nothing contained in this section shall operate to relegate a post office to a class or receipts category below the class or receipts category to which such post office may be assigned on the basis of gross postal receipts accruing during the last complete calendar year prior to the effective date of the rate of postage prescribed by section 102 (a) of this Act or, in the case of a newly established post office, on the basis of gross postal receipts accruing during the last full quarter prior to the effective date of the rate of postage prescribed by such section 102 (a).

(3) Page 10, lines 21 to 23, inclusive, strike out "3 per centum the costs thereof, or (2) that the costs of such fourth-class mail service will not exceed by more than 3 per centum" and insert in lieu thereof "1 per centum the costs thereof and (2) that the costs of such fourth-class mail service will not exceed by more than 1 per centum".

PURPOSE OF AMENDMENTS

AMENDMENT NO. (1)

The purpose of this amendment is to include improved postal service as one of the objectives to be accomplished through adjustment of existing postal rates.

AMENDMENT NO. (2)

The purpose of this amendment is to maintain, as nearly as possible, the present classes of post offices and the present levels of compensation and allowances of postmasters and certain other employees, both of which are based on postal receipts.

The amendment provides, in effect, that the determination of classes of post offices and the determination of such compensation and allowances shall be made on the basis of 82 percent of the gross receipts of the respective offices. The introduced bill contained substantially the same provision, except that such determinations would have been made on the basis of 80 percent of gross receipts. The Post Office Department recommends this amendment as appropriate to maintain the present classes of post offices and the present levels of such compensation and allowances after the postal rate adjustments provided by the bill become effective. The committee concurs.

AMENDMENT NO. (3)

The purpose of this amendment is to facilitate the operation and administration of the established policy of the Congress that fourth-class mail pay its own way.

This policy, contained in the Supplemental Appropriation Act, 1951 (64 Stat. 1050; Public Law 843, 81st Cong.; 31 U. S. C. 695), requires the Postmaster General to petition the Interstate Commerce Commission for fourth-class rate adjustments to the extent necessary to provide revenue sufficient to pay the cost of fourth-class mail service.

The amendment continues and maintains this policy and provides for practicable and effective application thereof by requiring the Postmaster General to petition the Commission for fourth-class rate adjustments when the difference between revenues and expenses of fourth-class mail exceeds 1 percent. The introduced bill contained the same provision but would have required a petition only when the difference between such revenues and expenses exceeds 3 percent.

In addition, the amendment corrects a technical error in the introduced bill.

STATEMENT

This legislation to adjust postal rates was proposed by the Postmaster General in a letter to the Speaker of the House of Representatives dated March 7, 1957. The reported bill is identical to the

Postmaster General's proposal with the exception of the foregoing amendments which make minor revisions with respect to matters which do not relate to the proposed rate adjustments.

URGENT NEED FOR RATE INCREASES

The Congress is faced with a most urgent decision in this question of postal rate increases. The budget of \$71.8 billion includes, as a credit, the expected passage of postal rate increases in the amount of \$654 million for 1958, which were anticipated when the President's budget was submitted. Unless postal rates are adjusted in a similar amount, the \$71.8 billion budget will be increased by \$654 million dollars.

This rate bill will increase revenues by about \$527.5 million when all of the increases are in effect. The bill is just as important a part of the fiscal program of the Government as any cuts of a comparable amount that can be made in the budget.

Never before in the long history of the postal service has there been so pressing a need for rate adjustments. Since 1946 the aggregate postal deficit has reached almost \$5 billion. This staggering loss is almost five times as great as the total losses over the same number of years prior to World War II.

From the turn of the century to the beginning of World War II the average annual postal deficit was about \$33 million. This deficit included all subsidies, most of which now have been removed from the postal budget—such as the airline subsidy of approximately \$75 million a year, the cost of handling penalty mail for other Government agencies (amounting to about \$34 million a year), and the cost of franked mail which averaged over \$2 million a year. Since World War II the average annual deficit has increased to about \$445 million—almost 14 times as great as the prewar average. It is hard for most of us to realize what so large a sum of money really means. The fact is that since 1950 we have been losing almost \$1,000 a minute. Every hour the taxpayers have had to put up more than \$50,000 for someone else's postage.

Unless the Congress enacts rate increases now, the deficit in the next fiscal year will be at least \$651 million. This will exceed the average of the postwar years and the trend in postal deficits will continue to rise. It is a sobering fact that, if postal costs and revenues maintain a continuing relationship over the next few years, the annual deficit will be more than \$1 billion.

The committee recognizes that continued delay will not solve the fiscal problems of the Post Office Department. If anything, the financial position of the Department will deteriorate still further as the taxpayer picks up a larger and larger share of the costs of operating the mail service. For this reason careful study and analysis and a great deal of time and effort have been devoted to the development of the rates contained in this bill.

FIRST-CLASS LETTER RATE IS HEART OF BILL

The first-class letter rate increase, which will return \$314.7 million in increased revenue, is the very heart of this rate bill. Without it, virtually every other rate increase in the bill will fall. The reason is that all other rates except first class have been increased and now

the first-class letter rate at 3 cents an ounce forms a virtual ceiling to any additional increases until that rate is raised.

For example, \$32.6 million of the increases will come from an increase in the rate on post cards and postal cards from 2 cents to 3 cents each. \$1.2 million will be derived by increasing the rate on drop letters from 2 cents to 3 cents. \$39.7 million will be derived from raising the rate for third-class individual mailings from 2 cents to 3 cents and \$42 million from raising the minimum rate on bulk mailings of third class from 2 cents to 2½ cents under the second step adjustment.

It will not be equitable to raise any of these foregoing rates to 3 cents or approximately 3 cents unless the first-class letter rate is raised. Thus, in addition to losing the \$314 million in increases in the first-class letter rate, the postal service would also be losing more than \$112 million in other categories of mail, leaving this bill a hollow shell.

GENERAL SUPPORT FOR RATE INCREASES

Seldom, if ever before, has postal-rate legislation recommended by this committee had the support of so many of the recognized experts in the field of postal operations and Government finance and so many large users of the mail.

The hearings on this legislation represent nearly a thousand pages of printed testimony, cover 21 sessions, and contain the testimony and statements of 114 witnesses. The witnesses represent every type of user of the mail that will be affected by the rate increases. Nearly all of these witnesses acknowledged the need for postal-rate adjustments.

The Postmaster General's proposed rate increases were strongly supported by the President, the Secretary of the Treasury, the Director of the Bureau of the Budget, Chairman J. Vaughan Gary of the House Appropriations Subcommittee on Treasury and Post Office, Senator Thomas E. Martin, former Postmasters General Jesse M. Donaldson and James A. Farley, other noted authorities on postal operations and Government finance, and representatives of many large users of the mail.

IMPRESSIVE ENDORSEMENT

This is indeed an impressive endorsement of this legislation on the part of men of many years of experience—the President of the United States, Members of the House and Senate of long standing, and present and former officials of the Government whose knowledge of the subject and sincere interest in Government affairs is unchallenged.

SUMMARY OF PRESENT AND PROPOSED RATES AND INCREASED REVENUES

The following chart is a summary showing the classes of mail affected by the rate increases proposed in H. R. 5836, the present rates, the rates recommended by the committee, and the additional revenue in each class of mail:

Mall classification	Unit	Present rate	Proposed rate				Additional revenue
		<i>Cents</i>	<i>Cents</i>				<i>Millions</i>
1st class:							
Letters.....	Ounce.....	3.0			4.0		\$314.7
Cards.....	Each.....	2.0			3.0		32.6
Drop letters.....	Ounce.....	2.0			3.0		1.2
Airmail:							
Letters.....	do.....	6.0			7.0		17.1
Cards.....	Each.....	4.0			5.0		.2
			Increase				
			1st	2d	3d	4th	
2d class:							
Publishers outside county: ¹							
(a) Editorial.....	Pound.....	1.95	2.2	2.5	2.8	3.1	31.0
(b) Advertising:							
Zones 1 and 2.....	do.....	1.95	2.2	2.5	2.8	3.1	
Zone 3.....	do.....	2.6	3.0	3.4	3.8	4.2	
Zone 4.....	do.....	3.9	4.5	5.1	5.7	6.2	
Zone 5.....	do.....	5.2	6.0	6.8	7.5	8.3	
Zone 6.....	do.....	6.5	7.5	8.4	9.4	10.4	
Zone 7.....	do.....	7.8	9.0	10.1	11.3	12.5	
Zone 8.....	do.....	9.1	10.5	11.8	13.2	14.6	
(c) Minimum per copy..	Each.....	$\frac{3}{4}$			$\frac{3}{4}$		1.0
Transient.....	1st 2 ounces.....	2.0			2.0		1.0
	Additional 2 ounces..	1.0			1.5		
3d class:							
Piece:							
(a) Circulars, merchandise and miscellaneous.	1st 2 ounces.....	2.0			3.0		
	Additional ounce.....	1.0			1.5		
(b) Books and catalogs..	1st 2 ounces.....	2.0			3.0		
	Additional 2 ounces..	1.5					
	Additional ounce.....				1.0		
Bulk.....							128.0
(a) Circulars, merchandise and miscellaneous.	Pound.....	14.0			16.0		
	Piece minimum.....	1.5			² 2.0-2.5		
(b) Books and catalogs..	Pound.....	10.0			12.0		
	Piece minimum.....	1.5			² 2.0-2.5		
Odd sizes.....	do.....	3.0			5.0		
Annual bulk mailing fee.....	Year.....	\$10.00			\$20.00		
		<i>Cents</i>			<i>Cents</i>		
4th class: Books.....	1st pound.....	8.0			10.0		(³)
	Additional pound.....	4.0			5.0		
Controlled circulation.....	Not over 8 ounces.....	10.0			12.0		.7
	Over 8 ounces.....	11.0			12.0		
Total.....							527.5

¹ Excludes newspapers with circulation of 5,000 or less.

² 2 cents effective July 1, 1957 (additional revenue \$42 million), and 2.5 cents effective July 1, 1959 (additional revenue \$42 million); total additional revenue \$84 million.

³ Revenue gain of \$5 million from rate increase offset by revenue loss due to inclusion of additional materials which now pay higher rates.

NOTE.—The rates for 2d- and 3d-class matter sent by nonprofit religious, charitable, etc. organizations are not increased in this proposal.

SUMMARY OF RATE REVISIONS

FIRST-CLASS MAIL

Section 102 (a) of the bill increases the rate on first-class letter mail from 3 cents to 4 cents an ounce.

Section 102 (b) increases the rates on post cards, each portion of double post cards, and private mailing cards, and the rate on drop letters, from 2 cents to 3 cents.

DOMESTIC AIRMAIL

Section 103 of the bill increases the rate on domestic airmail from 6 cents to 7 cents an ounce and the rate on air post cards from 4 cents to 5 cents.

SECOND-CLASS MAIL

Section 104 (a) of the bill increases second-class mail pound rates applicable to that portion of publications addressed for delivery outside of the county of publication. The increase is in four annual increments of 15 percent each year. The increase does not apply to any issue of a newspaper with a press run of 5,000 copies or less.

Section 104 (b) increases the minimum charge on the above publications from one-eighth cent to one-fourth cent per piece.

The increases in the pound rates and the minimum charge do not apply to publications of nonprofit religious, educational, scientific, philanthropic, agricultural, labor, veterans', or fraternal organizations or associations.

Section 104 (c) increases the transient rate (for publications having second-class entry mailed by other than publishers or as sample copies in excess of 10 percent allowance) from the present rate of 2 cents for the first 2 ounces and 1 cent for each additional 2 ounces to 2 cents for the first 2 ounces and 1½ cents for each additional 2 ounces.

CONTROLLED CIRCULATION PUBLICATIONS

Section 105 of the bill increases the rate for controlled circulation publications from 10 cents (for those not over 8 ounces) and 11 cents (for those over 8 ounces) to 12 cents per pound regardless of the weight of individual issues. The minimum charge of 1 cent per piece is not changed. These rates will remain in effect until changed by the Congress.

THIRD-CLASS MAIL

Section 106 of the bill increases the individual piece rate on third-class mail (except books and catalogs) from 2 cents for the first 2 ounces or fraction and 1 cent for each additional ounce or fraction to 3 cents for the first 2 ounces or fraction and 1½ cents for each additional ounce or fraction. For books and catalogs, the individual piece rate of 2 cents for the first 2 ounces is increased to 3 cents and the rate of 1½ cents on each 2 ounces or fraction thereof in excess of the first 2 ounces is replaced by a rate of 1 cent on each ounce in excess of the first 2 ounces.

The rate on third-class matter mailed in bulk, (except books and catalogs), is increased from 14 cents per pound and 1½ cents minimum per piece to 16 cents per pound and 2 cents minimum per piece. Bulk mailings of books and catalogs are increased, effective July 1, 1957, from the present rate of 10 cents per pound with a minimum rate of 1½ cents per piece to 12 cents per pound with a minimum rate of 2 cents per piece. The 2-cent minimum in both categories will be increased to 2½ cents on July 1, 1959.

The fee for a permit to send third-class mail under the bulk mailing rate is increased from \$10 a year to \$20 a year, effective January 1, 1958.

Odd-size pieces of third-class mail will be subject to a minimum charge of 5 cents, representing an increase of 2 cents per piece.

There will be no increases on mailings of nonprofit religious, educational, scientific, philanthropic, agricultural, labor, veterans', or fraternal organizations or associations.

FOURTH-CLASS MAIL; BOOKS

Section 107 of the bill changes the rate on books from 8 cents on the first pound and 4 cents on each additional pound to 10 cents on the first pound and 5 cents on each additional pound. Also, the category of items entitled to the book rate is substantially broadened.

The present rate of 4 cents on the first pound and 1 cent on each additional pound for books sent by nonprofit public libraries, organizations, or associations is extended to all colleges, universities, and schools, the category of items entitled to this rate is broadened, and the present restriction of these rates to the third zone is eliminated.

CONGRESSIONAL POLICY ON POSTAL RATES

The committee also recommends in title II a congressional policy on postal rates which is in line with the rates provided in the bill.

An explanation of this policy appears on pages 26 to 30 of this report.

RECENT SALARY, TRANSPORTATION, AND OTHER INCREASES

Since 1945 the Post Office Department has been faced with rising costs, primarily in payroll and transportation. The following table itemizes the annual rate of increases caused by employee benefits and transportation increases:

Increases in cost affecting the Post Office Department budget (revised Nov. 27, 1956)

	Public Law No.	Effective date	Annual cost
Annual increases in cost:			
Postal (field) salary.....	134	July 1, 1945	\$178,767,000
Additional grades (effective subsequent years).....	134		60,700,000
Departmental salary.....	106	July 1, 1945	786,000
Postal (field) salary.....	381	Jan. 1, 1946	190,631,000
Departmental salary.....	390	July 1, 1946	684,000
Rural equipment maintenance.....	467	Apr. 1, 1948	4,100,000
Railway mail service (travel allowance).....	687	June 19, 1948	2,700,000
Postal (departmental and field) salary.....	900	July 1, 1948	215,960,000
Rural equipment maintenance.....	381	Nov. 1, 1949	4,600,000
Postal (field) salary.....	428	do	112,489,000
Departmental salary.....	500		
Night differential on salary increases.....	429	Nov. 1, 1949	278,600
Additional overtime on salary increases.....			15,171,000
Military detail (subsistence).....			10,900,000
Post Office Department Financial Control Act of 1950.....	552	June 15, 1950	350,000
Departmental salary.....	712	Nov. 15, 1950	3,000,000
Postal (field) salary.....	201	July 8, 1951	1,100,000
Adjustment of sick and annual leave.....	204	July 1, 1951	248,600,000
Increased cost of airmail transportation authorized by CAB from 1946 through 1953.....	233	Jan. 6, 1952	50,000,000
Increased cost of railway mail pay (ICC docket 9200, decisions of Dec. 4, 1947, Dec. 4, 1950, Nov. 13, 1951, Mar. 15, 1954, effective Feb. 19, 1947, Jan. 1, 1951, and Oct. 1, 1953).....			96,000,000
Increase in prices for commodities, contracts, and services between 1944 and 1956.....			218,000,000
Federal Employees Group Life Insurance Act of 1954.....	598	Sept. 1, 1954	88,321,400
Social security tax.....	761	Jan. 1, 1955	6,700,000
Employee uniforms.....	763	Apr. 22, 1955	4,000,000
Postal Field Service Compensation Act of 1955.....	68	Mar. 1, 1955	13,600,000
Federal Employees Salary Increase Act of 1955.....	94	Mar. 13, 1955	187,300,000
Travel allowance increases.....	68, 189	July 28, 1955	667,000
Military leave for substitutes.....	610	June 22, 1956	4,100,000
Gasoline and tire-tax increase.....	627	July 1, 1956	2,800,000
Retirement fund contributions.....	854	July 13, 1957	546,000
Retirement fund contributions.....			187,000,000
Total increase in cost.....			1,859,851,000

COSTS WILL CONTINUE TO RISE

It must be recognized that continued increases in the costs of the Post Office Department are certain. The railroads have asked for a rate increase of more than \$100 million for the transportation of mail. A number of bills have been introduced in this Congress to provide salary increases of as much as \$1,800 a year for postal field service employees.

There will be a great deal of pressure for action on these bills. In fact, a discharge petition has been filed to bring to the floor H. R. 2474, a bill which would increase the salaries of postal field service employees by more than a billion dollars a year. Whether or not these increases materialize, increases in postal costs will keep pace with rising costs in general. Latest statistical information indicates that the upward trend will continue for some time in costs of materials, facilities, supplies, and contract services, whether furnished by private industry or other Government departments and agencies.

FACTORS RELATING TO PROPOSED RATE ADJUSTMENTS

FIRST-CLASS MAIL

First-class mail includes all material wholly or partly in writing, whether sealed or unsealed, except manuscript copy accompanying proofsheets or corrected proofsheets of the same and the writing authorized by law to be placed upon matter of other classes. Matter sealed or otherwise closed against inspection is also of the first class.

First-class mail has not paid its share of increased costs

It is significant that the \$1,860 million in recently increased cost includes more than a billion and a quarter dollars for employee benefits alone—but the users of first-class letter mail have not been called upon to stand any increase in rates in order to pay their share.

Rates on first-class local and nonlocal mail are the same as they were in 1932. In 1933 the rate for local letters was reduced to 2 cents and continued until 1944 when it was again temporarily increased to 3 cents. The nonlocal letter rate of 3 cents established in 1932 was a temporary one and continued on this basis until made permanent by Public Law 144, 80th Congress, in 1947. The same law also made permanent the 3-cent local rate.

First-class letter mail, which is the prime service of the Post Office Department, is also the only postal service for which rates have remained unchanged in the postwar era of rapidly increasing costs.

Meanwhile, other classes of mail have borne rate increases, some substantial. Fourth-class mail has been increased by more than 110 percent. Postal cards and drop letters have been increased by 100 percent. Other classes of mail, such as third class, if this legislation is adopted, will have had increases of over 100 percent in certain categories. The advertising portion of magazines and newspapers will have been increased by 90 percent if this bill is approved, while first-class letters will only be increased by 33½ percent.

First-class mail carried at loss

There are those who say that first-class mail presently is showing a profit. They are in error.

The proposed first-class mail rates cannot be placed in effect, of course, until some time in the fiscal year 1958, which begins July 1, 1957. Without the proposed increases, first-class mail not only will fall far short of meeting its apportioned costs in that fiscal year but, also, will fail to make any payment whatever for the value of certain major additional costs incurred by the Post Office Department in providing first-class mail service but not considered in the apportionment of costs in the cost-ascertainment process. The Department estimates that in the fiscal year 1958 the apportioned costs of first-class mail, determined under the cost-ascertainment system, will exceed revenues therefrom by \$49 million before any allocation of costs to this class of mail for the priorities, preferential treatment, and other service advantages it receives as compared to the other classes of mail.

On the basis of recognized pricing procedures, first-class mail could be charged at a rate of 5 or 6 cents and still not be overpriced—that is, taking into consideration the special preference in handling and service given to this class of mail. Every postal service in the world provides preferential treatment for first-class mail and this is particularly true of the United States postal service, which handles more than 26 billion first-class letters annually on an around-the-clock basis. The big difference is that other countries charge accordingly but the United States no longer does.

A special committee of career postal officials placed the value of preferential service at \$316 million in fiscal 1956. When these costs, which are real costs and must be paid by someone, are included in the cost of providing first-class mail service, it is apparent that not only does this service fail to meet its regularly allocated costs but actually will operate at a deficit of more than \$346 million in the fiscal year 1958.

It is to be recognized, further, that of all letters moving at the first-class rate, those experiencing the greatest loss are the ones going for 3 cents, that is, those weighing 1 ounce or less. There are more handlings for such letters, in relation to the amount of revenues received, than there are for the heavier pieces of first-class mail. In 1932 the handling expense per piece for first-class mail was 1.9 cents. Today it is approximately 3.3 cents—an increase of almost 75 percent. When postal costs paid by other Government agencies and the value of preferential services accorded to first-class mail are considered, each piece of first-class mail actually costs more than 4.5 cents to handle.

Four-cent first-class letter rate fully justified

There has been only one increase in the rate for first-class letter mail since 1885. It is clear to anyone familiar with the pressure and the need for an increase in the first-class letter mail rate that the problem will be with us from here on until the correction proposed by the committee is made.

In addition to the general recommendation on the part of the committee that there should be some increase in first-class mail rates,

there is also the recommendation, appearing in title II of the bill, that first-class mail, because of its priority of service, should pay for the cost of the preferential treatment it receives, over and above its apportioned costs. The recommendation conforms to historic policy in this regard.

There is general agreement in the committee, and among the witnesses who have appeared before the committee on this bill, that first-class mail rates should be increased. Some differences did exist with respect to the amount of the increase and where it should be applied, but this should not obscure the significant fact that there was general support for, and virtually no opposition to, an increase in first-class mail rates.

The first-class letter mail rate was increased to 3 cents in 1932 on a temporary basis. This rate was renewed periodically until it would have expired 6 months after the end of the President's declaration of emergency, following the end of World War II.

The 3-cent rate was then made permanent. The legislation passed the House June 23, 1947, by unanimous consent. This shows that general agreement certainly existed in the Congress that the 3-cent rate should not be permitted to revert to a lower rate. At that time revenue from first-class letter mail was 30 percent more than its apportioned cost.

Since that time there has been a tremendous increase in the cost of postal operations, the trend following that of increased costs experienced by business generally and forced along primarily by increases in postal employees' salaries and other benefits. Moreover, the end is not in sight—still further major increases in postal costs are bound to come in the immediate future. Meanwhile, rates on virtually every other class of mail and services have been increased in order to meet a share of this increased cost—that is, except for first-class letter mail.

Historic policy

With respect to the premium to be paid for the priority of service, the following table demonstrates that, for the most part, first-class mail in the past has paid from 20 percent to as much as 64 percent above its directly allocated costs for the preferential service it receives.

Ratio of revenues to expenditures ¹ on 1st-class mail, 1926-55

<i>Year</i>	<i>Expense coverage (percent) 1st class</i>
1926.....	129.8
1927.....	131.7
1928.....	132.5
1929.....	131.0
1930.....	129.0
1931.....	121.0
1932.....	112.2
1933.....	146.1
1934.....	158.1
1935.....	150.1
1936.....	144.2
1937.....	151.1
1938.....	150.2
1939.....	152.0
1940.....	154.4
1941.....	155.2
1942.....	156.6
1943.....	(²)
1944.....	146.1
1945.....	164.7
1946.....	131.5
1947.....	126.4
1948.....	130.0
1949.....	112.9
1950.....	111.9
1951.....	113.8
1952.....	105.4
1953.....	108.8
1954.....	105.9
1955.....	105.4
Average 1926 through 1941.....	140.5
1956:	
As shown by cost ascertainment.....	103.7
As shown by cost ascertainment, with addition to cost of full 1957 effect of pay increases.....	102.6
As shown by cost ascertainment, plus pay increases and costs paid by other Government departments.....	97.1
If H. R. 5836 is passed:	
Based on 1956 costs, plus pay increases.....	137.9
Based on 1956 costs, plus pay increases, and costs paid by other Government departments.....	130.5

¹Without regard to reallocation of cost to recognized differentials in service or value of mails.

²Not available.

It should be noted that when the premium paid for the priority of service of first-class mail reached less than 15 percent in 1932, an additional 1 cent of postage was added. During no part of the ensuing period has there been any indication on the part of those using the service that this was an overcharge. It will also be noted that the current rate on first-class mail is not even paying its actual cost of handling without giving any consideration to the preferential treatment it receives.

First-class rate increase virtually unopposed in hearings

Opposition to the first-class rate increase was virtually lacking. The committee points out that more than 75 percent of first-class mail is business mail. Those businesses which will be faced with the largest increase in first-class mail postage bills are department stores, banking concerns, insurance companies, and public utilities.

On the other hand, many manufacturers who will be affected, each in terms of many thousands of dollars a year in postage paid, recom-

mended this bill. Sears, Roebuck & Co., for example, whose postage bill will be increased by \$1,200,000 a year, endorsed the bill.

The president of the Burroughs Adding Machine Co., whose company will have its postage cost increased by more than one-third million dollars if this bill is adopted, recommended it favorably.

The United States Chamber of Commerce and the National Association of Manufacturers have endorsed this legislation.

Four-cent letter still a bargain

Leaving aside the question of whether users of first-class mail should continue to evade their share of increased costs, it is well to consider just what the users of first-class mail get for 3 cents—or 4 cents if this bill is enacted.

The entire postal service is geared to the handling of letter mail. First-class mail, as a matter of law and in conformity with postal regulations, receives preferential handling from the moment of its deposit to the time of its delivery. The average letter is transported hundreds of miles to its destination. It is forwarded and reforwarded as frequently as may be necessary to effect delivery. When a return address is provided and delivery cannot be effected, first-class mail is returned to the sender without charge. It is sealed against inspection by anyone except the sender and the recipient. This sanctity is so well established that men do not hesitate to trust their most valued and private communications to the custody of first-class mail.

There is constantly available a service whereby a letter can be posted or delivered at the end of a wooded trail or in the heart of a congested metropolis. Hundreds of thousands of collection boxes are provided almost exclusively for the deposit of first-class mail. The collection of mail from these numerous depositories on closely scheduled trips and at critical hours of the day represents one of the primary privileges accorded first-class mail.

First-class mail is always handled first in post offices in order to meet transportation schedules which will speed it to delivery. To maintain the excellent service letter mail receives, thousands of employees are used at higher night differentials of pay. This is obviously costly, but it is essential for the preferential treatment to which this mail is entitled and which it receives—but no longer pays for at the 3-cent rate.

For the sum of 3 cents the person gets the letter picked up at his corner mailbox, transferred through a very complicated sorting system by experienced, hard-working, and adept postal clerks, and promptly delivered by the letter carrier to the home of the addressee—all of this for less than a nickel. Even in the case of a letter that is to go across the street, at 4 cents it will still be cheaper to send it through the United States mail than to take it yourself. The average postal employee earns about 4 cents a minute. It would take anyone several minutes just to carry a letter from a store on one side of the street to a store on the other side of the street, and one traffic signal would run the cost up several times the first-class letter charge.

Postal cards and post cards

The increase from 2 cents to 3 cents in the rate for postal cards and post cards is necessary to continue the proper relationship between the rates on this category of first-class mail matter and the third-class rates as increased by the bill. Also, costs incurred by the Post Office Depart-

ment for mailings of postal cards and post cards exceeded the revenues from such mailings by a total of \$36,548,000 in the fiscal year 1956, and the loss will be even greater in the current fiscal year. This deficit is based upon apportionment of costs under the cost-ascertainment system of the Post Office Department.

DOMESTIC AIRMAIL

The committee recommends an increase from 6 cents to 7 cents an ounce in the rate for airmail letters in line with the proposed increase for first-class letter mail from 3 cents to 4 cents.

Domestic airmail includes matter weighing 8 ounces or less which is given preferential handling, including transportation by air. In fiscal 1956, the Post Office Department handled 1.5 billion pieces, weighing 50 million pounds, and received revenues from this service of \$103 million.

Like other first-class mail, airmail prepaid at the rates prescribed receives special handling and priority of dispatch from the moment it is received to the time of delivery. When an airmail stamp is put on a letter, it is intended automatically to set into motion the most expeditious handling known to the Post Office. For this reason airmail rates have always been higher than those for ordinary letters. The public recognizes the value of the preferential service airmail receives. This is apparent in the rate of growth of the service. Since 1946, airmail volume has increased more than 100 percent despite the differential in rates between air and surface letter mail.

At present there exists a 3-cents-per-ounce differential between ordinary letter mail and airmail. This differential is considered by the committee to be a proper one and has been retained in the provisions of the bill.

Even at 7 cents per ounce the rate will still be below that which prevailed a decade ago. From March 26, 1944, to October 1, 1946, airmail letters were carried at 8 cents an ounce. In 1946, Public Law 730, 79th Congress, reduced the rate to 5 cents. Public Law 900, 80th Congress, increased the rate from 5 to 6 cents where it has remained to the present time.

The committee has received information indicating the possibility that inequities are developing because of carrying first-class letter mail by air when the airmail rate has not been paid. The committee expresses its concern over the continuation of the program of carrying by air first-class letter mail upon which only the 3-cent letter rate is paid. This program was begun as an experiment in October 1953, but is still continuing and has been expanded. Most of the first-class letter mail moving along both coasts and between New York and Chicago and Washington and Chicago is going by air.

The committee has agreed to conduct a thorough and detailed investigation of this situation to determine the cost involved, the possibility of inequities being visited upon those paying the 6-cent rate for airmail service, and the secondary effect of higher rates for carrying other surface mail because of the diversion of this mail from the railroads.

SECOND-CLASS MAIL

Publishers' second-class mail

This mail comprises periodical publications, newspapers, and magazines, mailed by publishers and news agents. The volume of this mail has grown to the point that in fiscal 1956 more than 6.9 billion pieces were handled, or 12.2 percent of total pieces handled by the Department, with a weight of 2.7 billion pounds, or 24.7 percent of the total. Revenues, on the other hand, were only 2.7 percent of total departmental receipts.

Annual additional revenues from rate adjustments on publishers' mail will be \$32 million after the last step increase—including \$19.8 million from advertising matter, \$11.2 million from reading matter, and \$1 million from the per copy minimum rate.

Transient second-class mail

Transient second-class mail consists of publications entered as second-class matter when sent by others than the publishers or news agents.

Deficit rises

The committee points out that since 1945 the costs of handling second-class mail have exceeded revenues from this mail by over \$2.3 billion. Although the rates on magazines and newspapers were increased by 30 percent in 1951 in 3 annual 10-percent increments, this 30-percent increase did not even keep second-class mail abreast of rising costs. When this increase was approved, second-class mail apportioned costs exceeded revenues by approximately \$200 million (fiscal year 1951). In 1956 the excess was \$252,500,000. It will be higher still if pending cost increases, such as higher payments to the railroads, materialize.

The four 15-percent increases recommended by the committee plus the change in the minimum per-piece rate and the transient second-class rate will produce additional revenues of \$33 million when all rate adjustments are in effect. When it is considered that wage and fringe-benefit legislation enacted by the Congress in the fiscal year 1955 increased the cost of handling second-class mail by approximately \$21 million, the reasonableness of the committee's proposals is indicated. Since the 1951 rate increase the spread between second-class mail expenditures and revenues has increased by more than \$50 million.

Action is urgently needed to increase second-class mail rates to reduce the size of the second-class mail loss and halt the increasing burden on the taxpayers.

Second-class increases long overdue

Congress for a number of years has been aware of the need for an increase in rates on second-class mail and many studies have been conducted with respect to this problem. All of them have come out with about the same answer—that there should be an increase in second-class mail rates. The only thing that has been accomplished by these studies has been the delay in taking action on this problem. Meanwhile, of course, the loss in revenue to the postal service and the resulting charge levied against the taxpayers have continued.

Gradual increases will not harm publishing businesses

The 60 percent total increase in second-class rates provided by the bill, when added to the previous 30-percent increase that was finally

effective in 1954, represents an aggregate increase of 90 percent in these rates. Revenues will approximate only 31 percent of costs after the last step increase, still leaving a substantial discount for the deferment of service publishers' mail receives and for the public welfare value of disseminating written intelligence to the American public.

In the judgment of the committee, sharper increases in these rates would not be appropriate at this time. It is not the purpose of this postal-rate adjustment legislation to jeopardize the continuance of any business venture that has been undertaken in reliance upon the postal-rate structure for second-class mail, or to raise such rates to a point that might, in a sense, have a confiscatory effect with respect to major costs of operation of any such business. In short, the committee desires to guard against putting anyone out of business through postal-rate increases. The fair and moderate second-class rate increase, in four yearly steps, assures that there will be no such result from approval of this bill. The gradual increase provided for will hurt no one, will be in line with the historic policy of the Government, and should be approved.

Subsidy to education or to publishers?

The loss on second-class mail has reached an astronomical sum in the last 11 years—approximately \$2,252 million. When weighed against this accumulated deficit, the 30-percent increase, or about \$15 million in increased revenue, that was brought about by the rate increase in 1951 looks small indeed. The losses on second-class mail increase as the publishing business becomes more successful and as circulation grows with the corollary of greater demands on the use of a mail service furnished at less than cost.

The educational value of second-class mail has been stressed in support of the present low second-class mail rates. Some persons call this a subsidy but, if so, it lacks recognized appropriation controls. Subsidies normally are given to distressed segments of our economy.

Subsidies, while authorized by legislative committees, are controlled in a large measure by the appropriations of the money available to run our Government. There is no way to establish an appropriation control for losses on second-class mail, since a reduction in appropriations to the Post Office Department cannot be interpreted into an increased rate to be paid by the users of second-class mail.

If Congress really is considering subsidies for educational purposes, it should weigh the value of translating the present cost of handling second-class mail into terms of more and better schools and higher salaries for teachers. The \$2,252 million aggregate second-class mail loss mentioned above is substantially more than is being considered for new school construction.

Further economies not the answer

In the past some editors and publishers having a large stake in second-class rates far below cost have clouded the issue by stating the deficit could be made up by economies in the postal service. While every effort should, of course, be devoted to providing efficient and economical postal service, it is impossible to eliminate the postal deficit by further economies in the postal service. This position has been taken by the committee in official reports covering the past 10 years.

The committee points out that approximately 80 percent of the total cost of running the postal service represents payroll costs. This cost is in the nature of a fixed charge, the amount of which to a large extent is controlled by the Congress through salary legislation for postal employees. In 1955, for example, Public Law 68 granted pay increases averaging over 8 percent—adding \$187 million to the fixed annual costs of the Post Office Department, or 36 percent of the estimated deficit for the current fiscal year.

Many publishers favor rate increases

Many publishers are keenly aware of this problem and have taken the position that second-class mail should make a much more substantial contribution to its cost. At long last, these publishers are coming forward and publicly stating that second-class mail rates should be increased. A number of them, in fact, came before the committee and testified that there should be increases in the second-class rates.

Publishing industry can meet rate increases

The rate increases proposed will not harm the publishing industry. Mr. James H. S. Ellis, president of the Kudner Agency, Inc., reaffirmed his testimony of 1956 that the increase proposed by the Department could be absorbed easily by increases in the advertising rates charged to business advertisers in these publications. He presented a tabulation of 20 of the largest magazines, comparing their advertising revenue. All but one of the magazines had increased their advertising cost per page. All but one had increased their circulation. The total advertising revenue had increased from \$294 million in 1947 to \$420 million in 1955. He pointed out that, if advertising in magazines bore the total increased postal cost of \$2,180,000 for one large publishing company, it would involve an advertising rate increase of less than 3 percent, and that if advertising bore the second-class increase only it would take less than 2 percent.

Mr. Ellis also pointed out that, since the largest portion of the increased revenues from the second-class rate adjustments will come from advertising matter, the publishers will pass this cost on to the advertiser. Since this advertising cost is only a small portion of the cost of the company doing the advertising, it does indeed have an insignificant overall effect. In this respect he made the following statement:

Advertising expenditures are only a small percent of the cost of doing business. * * * percentage of sales spent for advertising in 1954 by 100 top industrial corporations * * * range from a fraction of 1 percent to about 7 percent. If you take 3 percent of 7 percent, it is about one-fifth of 1 percent, which is not an alarming increase.

THIRD-CLASS MAIL

Third-class mail includes miscellaneous printed matter, books, catalogs, merchandise, seeds, cuttings, bulbs, roots, scions, and plants. The limit of weight in this class is 8 ounces. A very large part of the

third-class mail consists of circulars. The volume, revenue, and expenses in 1956 were:

Pounds-----	914, 605, 729
Pieces-----	14, 676, 073, 050
Expense-----	\$471, 914, 026
Revenue-----	\$264, 608, 526
Excess of expenditures-----	\$207, 305, 500

Third-class rate increases supported

In the consideration by the committee of third-class mail increases, there was little if any opposition to the provisions of the bill except concern expressed by large mailers who use the minimum bulk rate—presently 1½ cents per piece—which the committee recommends be raised to 2 cents on July 1, 1957, and to 2½ cents on July 1, 1959. This type of mail is the large volume of material that is broadcast throughout the country by use of the mail.

Public demands action on third-class rates

The committee has received many letters from the general public, complaining about the fact that this type of mail takes up post-office-box space which the patron has rented to receive his first-class mail and recommending rate increases to make it pay a fair share of its cost.

Mailers pass increases on to advertisers

Some of the largest third-class mailers are merely processors of advertising material. They send out millions of samples for the breakfast-food companies, for example, and millions upon millions of circulars. The postage for these items is, of course, a charge against the company for whom the circulars or samples are sent. While the postage may represent a substantial portion of the business expense of the organization handling the mailings, it is infinitesimal when compared to the business expense of the one really paying it—that is, the company for which the samples or circulars are being sent.

The minimum rate on third-class mail was increased by one-half cent by Public Law 233, 82d Congress. Despite this increase these mailings continue to gain in volume at the phenomenal rate of almost three-quarters of a billion pieces a year.

FOURTH-CLASS MAIL

Books

Book rates presently apply to books, 16-millimeter films, and 16-millimeter film catalogs. They will extend, also, under H. R. 5836, to printed music in bound or sheet form, printed test materials and accessories used by or for educational institutions, and manuscripts for books, periodical articles, or music.

The bill continues the present postage rates on books, films, filmstrips, projected transparencies and slides, microfilms, sound recordings, and catalogs of such materials, sent by or to nonprofit public libraries, organizations, or associations under certain conditions. It also extends these rates to all schools, colleges, and universities; spells out the types of nonprofit organizations and associations eligible for such rates; and makes printed music in bound or sheet form, type-written or duplicated academic theses in bound volumes, bound vol-

umes of periodicals, and other library materials in printed, duplicated, photographic, or unpublished manuscript form eligible for these rates. The rates will apply to these mailings regardless of the postal zone of delivery, whereas present law limits them to mailings for delivery locally or within the State of mailing or for delivery in the first, second, or third zone.

Parcel post and catalogs; relationship of revenues and costs

The reported bill makes no change in the rates, or in the policy for setting rates, on parcel post and on catalogs weighing over 8 ounces.

Section 110 provides, in effect, that whenever the difference between revenues and costs of fourth-class mail exceeds 1 percent, the Postmaster General shall petition the Interstate Commerce Commission for rate adjustments that will reduce such difference to not more than 1 percent. The introduced bill contained a similar provision, except that it would have required such a petition whenever costs exceeded revenues by more than 3 percent or revenues exceeded costs by more than 3 percent.

Present law (31 U. S. C. 695) requires the Postmaster General to petition the Commission for fourth-class-rate adjustments to the extent necessary to provide revenue sufficient to pay the cost of the service, except as to certain educational and cultural materials or records furnished blind persons. This procedure has resulted in (1) increased annual revenues of \$82.1 million from parcel post and \$5.3 million from catalogs effective October 1, 1951; (2) further increases, from rates established October 1, 1953, which will amount to approximately \$147 million from parcel post, catalogs, and controlled circulation publications over 8 ounces in weight, based upon volume for the fiscal year 1956; and (3) a third adjustment, established February 1, 1954, which added annual revenues of \$2.8 million from catalogs and \$300,000 from controlled circulation publications.

Total increases in parcel post, catalog, and book rates since 1946 amount to approximately \$313.6 million in annual revenues—a 113.8 percent increase.

The Postmaster General on April 18, 1957, filed a new petition for a further increase, which presently is pending before the Interstate Commerce Commission.

While parcel post mail now is required by law to pay its own way, until enactment of Public Law 843, 81st Congress, no action was taken by any Postmaster General to petition the Interstate Commerce Commission for rate adjustments. There was an accumulated deficit of \$350 million for such mail during the 5-year period immediately preceding enactment of Public Law 843.

EMPLOYEE BENEFITS MUST BE PAID

A number of postal rate bills have been recommended by the committee in recent Congresses which have not become law. Only 2 postal-rate bills (Public Law 900, 80th Cong., and Public Law 233, 82d Cong.) have been approved, as compared to 22 employee-benefit bills.

The Congress has consistently pressed for higher employee benefits than those approved by the committee.

On the other hand, when it comes to providing postal revenues needed to assure adequate service without incurring deficits, it has

either failed to consider the measures at all or in some manner pared them down.

It was with this thought that the complete hearings have been held and the committee urges the Members of Congress to take into consideration the points of view of those who participated in the hearings. In this respect, it is pointed out that virtually every witness acknowledged that, in all equity, there must and should be an increase in postal rates to meet the increased costs. Many, of course, had differing views as to how to cause someone other than themselves to pay increased rates.

In passing a revision of the Civil Service Retirement Act last year, the Congress, because of its concern over the depletion of the civil-service retirement fund, provided that each department and agency of the Government should pay into the retirement fund a sum equal to that contributed by the employees (6½ percent of their salary). At the same time it provided that this would not be considered for purposes of establishing postal rates. This was intended to be a temporary measure.

Except for the exclusion of this retirement payment for postal rate purposes, fourth-class rates—which are set administratively under the law and must recover apportioned cost of carrying this class of mail—would have been increased because of this change of policy without a similar basis for increasing other classes of mail. This is just as much a cost of operating the postal service, of course, as any other fringe benefit enjoyed by Federal employees. It represents what private business pays normally as social security and into company pension funds.

In the fiscal year 1958, for which a \$651 million deficit already is forecast, the Post Office Department will have to contribute nearly \$137 million to the retirement fund, based on present payroll levels. This represents over 21 percent of the estimated deficit. The amount of this contribution will be increased in direct proportion to any salary increases given postal employees. In this connection, the pay bills now pending that are most popular with postal employees would increase direct payroll costs \$1 billion a year and, in addition, increase the retirement contribution by another \$92 million.

Previously, of course, the postal service had been charged with air-mail subsidies, franked and penalty mail, and other items which just about approximated the Department's obligation for retirement. Now that these items have been transferred, there is no reason why the retirement cost actually incurred by the Department should not be considered in establishing postal rates.

POSTAL DEFICIT

Funds to cover expenditures of the Post Office Department, like those of all other Government agencies, must be appropriated by the Congress. When revenues of the postal service are insufficient to cover the expenditures, funds are withdrawn from the Treasury. These funds, which are secured from general taxation or deficit financing, represent the postal deficit.

There have been changes in post-office policy, practices, and procedures which have brought about substantial savings in the operations of the postal service. There has been a more realistic adjustment

in costs within the postal service whereby the Department is reimbursed by the Government departments and agencies and by Congress for the mail handled for the respective departments and the Congress. By Executive order and through Reorganization Plan No. 10, 83d Congress, the subsidy for our domestic airlines is now charged to the Civil Aeronautics Board. These two adjustments represent a reduction in the estimated deficit of approximately \$115 million a year. In 1953 there was also a substantial increase in parcel-post rates amounting to \$147 million annually which is discussed separately in this report.

In order to reduce the actual deficit to present estimates (\$651 million for fiscal 1958), strong efforts have been made by the Postmaster General with the cooperation of the committees of Congress. Any further savings that might be effected or adjustments in charges by the Post Office Department to other Government agencies could have no material effect on this substantial deficit, which must be met by rate increases.

Opponents of this legislation have resurrected the old argument that the Post Office Department need not be concerned about the deficit solely because other departments of the Government do not earn revenues comparable to their expenditures. This obviously is an untenable position. The postal service occupies an extraordinary position in our Government and our economy. It was established and has been maintained to render a service in return for payment of charges which, from the very beginning, Congress has required to represent reasonable payment by individuals for services received.

The committee points out that in those departments and agencies where the public services are paid for from tax funds and not charged to individuals, the services provided cut squarely across large segments of our economy and treat those affected all alike.

The postal service, on the other hand, does not affect everyone the same but affects each one in direct proportion to the amount of its services he uses. For example, the average individual family is considered to send about 15 letters a month. Any benefit they receive from a large postal deficit will be relatively small, yet they may be one of those families that pay a substantial amount of taxes which goes to make up the deficit. On the other hand, large business concerns that pay several million dollars a year in postage obtain a direct proportional benefit, not only in services received, but, also, in their particular mail being carried at a loss.

Oddly enough, it is these large business concerns who have appeared and urged that they should pay a proper charge for the service they receive from the Post Office Department. Many times such concerns, through their business policy, use the postal service as an alternative service for which other businesses employ their own personnel. For example, one big insurance company sells insurance through the mail, paying better than a million and a half dollars a year in postage. This really represents its payroll cost for insurance agents.

Why, then, should not those companies expect to meet an increase in cost comparable to that of the company that is hiring its agents directly? This, it seems to the committee, is the significant difference. This demonstrates why the Post Office Department's services cannot be considered to be Government services available to all on an equal basis like those of other Government departments.

It is pointed out, for example, that the deficit of the Post Office Department in the fiscal year 1958 will be more than twice the cost of operating the entire Department of Justice. It will be nearly 4 times the combined budgets for the legislative and judicial branches—2 of the 3 branches of our Government. The amount of this deficit would send, even at the proposed rates, 400 letters for each family, or more than twice the present average number of letters sent by each family. This is because it is large business concerns which send the mail of all classes. It is the large business users who are piling up the deficit. They are the ones who will, in the final analysis, be called upon to pay the postal-rate increase and who have indicated individually and by their organizations their willingness to pay the increased costs.

No other department of the Government is in a position comparable to that of the Post Office Department with respect to the services it renders. In those instances in which Congress has decided, as a matter of policy, that some other Government activity shall be reimbursed for its services in comparison to their value—such as in the case of certain Government corporations operating along the lines of business enterprise—Congress has set this policy in no uncertain terms. The absence of any such policy for the other departments clearly removes them from any position of comparison with the Post Office Department so far as concerns any relationship between revenues and expenses.

Opponents of this legislation also have adverted consistently to outdated cost-accounting figures from past years in arguing against the proposed rate adjustments—in the face of demonstrated losses which current estimates show will reach \$651 million in the next fiscal year unless rate adjustments are approved. But the proposed new rates will take effect in the fiscal year 1958 and thereafter—not last year or the year before. Realistically, therefore, they must, to have validity, be based on current and projected estimates of costs and revenues—in the same manner as the budgets presented by the President and the appropriations made by the Congress each year are based on current and projected estimates of revenues and expenditures.

These arguments overlook the hard fact that we are, and have been, in an extended period of rising costs. It must be recognized that cost and revenue figures developed by the Post Office Department from cost accounting processes, as in any other department of the Government, lag behind in such a period of expanding economy. Accounting data are one factor—not the sole factor—that must be taken into consideration by management in determining what steps are needed to achieve and maintain a proper relationship between revenues and expenses and to prevent or minimize deficits in current and future years. It is completely unrealistic, therefore, to base congressional consideration of postal rate adjustment legislation purely on cost-accounting data which admittedly runs well behind current conditions. Sound management planning requires full consideration of all related factors, and the determination of policy upon the basis thereof, with such adjustments in earlier accounting results as are warranted by current and projected estimates of costs and revenues.

COST ASCERTAINMENT

Much of the data supplied to the committee relative to revenues and expenditures for the postal service is based upon the cost-ascertainment system of the Post Office Department. This system was authorized by the act of February 25, 1925 (39 U. S. C., sec. 826), and was placed in operation on an annual basis in the fiscal year 1926. It has been expanded and improved from time to time in line with experience and to reflect changing conditions in the postal service. In periodic and exhaustive independent scrutiny and analysis by professional accounting and statistical organizations through the years the application of the basic cost-ascertainment concepts and techniques has been sustained and the substantial accuracy of the figures established. The statement on postal policy, which is contained in title II of the reported bill, adopts these procedures as adequately allocating revenues and expenses.

Cost-ascertainment data formed the major part of the presentation made by the Post Office Department in support of the Postmaster General's petitions for increases in fourth-class postage rates submitted to the Interstate Commerce Commission in 1950 and 1953, in accordance with the directive of Congress set forth in Public Law 843, 81st Congress. After intensive study of the cost-ascertainment methods and procedures underlying the case for the Department, and investigation by transportation and cost experts representing both the protestants and the technical staff of the Interstate Commerce Commission, the Commission accepted the cost figures and approved the rate proposals made by the Postmaster General.

The cost-ascertainment system of the Post Office Department is designed to accomplish two things:

- (1) It allocates the aggregate of expenses of operating the postal establishment over the various classes of services rendered.
- (2) It classifies the revenues of the postal system according to the same categories of services rendered.

The cost-ascertainment system allocates actually incurred expenses over all of the classes of services rendered. The starting point is, therefore, factual and based on accounting records. The apportionment of these incurred costs is necessarily founded on ratios established by statistical sampling and other research at regular intervals, to give effect to such factors of cost as are variable with the number of pieces, weight, distance, and other measures.

Cost ascertainment data presented by the Post Office Department to the committee was based on an official report for fiscal 1956. However, it was made clear that conclusions could not be drawn from such data without recognition of certain important costs and factors not reflected by the figures alone. Certain expenses paid by other departments or agencies of the Government and other costs of the Department are not included in cost-ascertainment figures. Being tied to budgetary accounting, the records of the Post Office Department are essentially on a cash basis. They do not reflect any charge for the depreciation or obsolescence of the post-office buildings, which is estimated at \$40 million annually; certain custodial costs and alterations and repairs to post-office buildings paid by the General Services Administration, amounting to about \$18.9 million for the current fiscal year; the Government's liability for contribution to the

retirement fund for postal employees for which the Department will be charged \$137 million in the fiscal year 1958; workmen's compensation, amounting to \$4 million for the current fiscal year; and other miscellaneous services paid by other departments and agencies. These items in a business venture would definitely be included as costs. To this extent the postal costs are understated. However, since they are included in the budgets of other departments and agencies and are not charged to the Post Office Department as expenses, they are not properly part of the cost-ascertainment system.

Insofar as the individual classes of mail are concerned, there are many factors, not subject to accounting determination, such as—

(a) The additional manpower and facilities related to priority, security, speed of transmission, and other preference that may be given to any one class of mail or service over another,

(b) The relative values of the various postal services to the public, such as the right of return of undeliverable first-class mail to the sender, and

(c) The relative intrinsic values of the items handled.

It can be seen that the gearing of the postal service to the handling of first-class mail cannot be measured specifically in the allocation of costs solely in relation to the use of postal personnel and facilities. For this reason these factors are not properly part of the cost-ascertainment system, but are pertinent for ratemaking purposes.

The Post Office Department presented detailed data relating to the recent cost increases and the postal costs paid by other Government departments, as well as estimates of the cost reallocations necessary to recognize the additional ratemaking factors described above.

In view of these facts, the committee emphasizes that the reported 1956 cost-ascertainment figures were used only as a guide and could not be the sole criteria for the establishment of postage rates.

MISCELLANEOUS PROVISIONS; EFFECTIVE DATES

DETERMINATION OF POSTMASTERS' COMPENSATION AND CLASSES OF POST OFFICES

Section 108 of the bill, as amended by the committee, provides, in effect, that the salary of each postmaster and the class of each post office shall be determined upon the basis of 82 percent of the gross postal receipts of the particular office. Present law provides for such determinations upon the basis of 100 percent of such gross postal receipts. The introduced bill provided for an 80 percent basis of determination. This 82 percent basis has been agreed to by the Post Office Department as appropriate for such determinations in order to continue the present levels of postmasters' salaries and classes of offices which otherwise would be distorted when the rate increases provided by the bill become effective.

COST OF CONTRIBUTIONS TO RETIREMENT FUND

Section 109 gives proper recognition to the postal costs incurred by the Post Office Department for contributions to the civil-service retirement and disability fund in accordance with the requirements

of title IV of Public Law 854, 84th Congress—the new Civil Service Retirement Act.

Present law, which will require the Department to contribute nearly \$137 million to the retirement fund in the fiscal year 1958 but to exclude such contribution from its costs considered in connection with rate determinations, was placed in Public Law 854 on a temporary basis until the Congress could act on general postal rate adjustment legislation. This contribution is just as real and direct a cost of rendering postal service as are the costs of employees' salaries, transportation of the mails, and other necessary expenses. Repeal of such present provision of law is essential to accurate and realistic consideration of postal costs in the determination of postal rates.

EFFECTIVE DATES

Section 111 provides effective dates for the rate revisions and other provisions of title I of the bill. Generally, they will become effective July 1, 1957, except (1) the four annual increases on second-class publishers' mail will be effective on July 1 of each year beginning with July 1, 1957, (2) the 2½ cents per piece minimum (second step increase) for bulk third-class mail will be effective July 1, 1959, (3) the increase from \$10 to \$20 in the third-class bulk mailing permit fee under section 106 (2) will be effective January 1, 1958, and (4) the repealer relating to postal costs for deposits to the retirement fund will be effective as of the effective date of title IV of Public Law 854, 84th Congress.

SUMMARY OF RATE ADJUSTMENTS SINCE 1946

The following table shows revenues and percentage changes from rate adjustments in all classes of mail since 1946. Also shown are data on revenues and percentage increases from the rate proposals in the reported bill.

Current annual effect of increases in rates for all classes of mail since 1946

(In millions of dollars)

	Public Law 730 (79th Cong.), 1946	Public Law 900 (80th Cong.), 1949	IOC docket 30690, 1951	Public Law 233 (82d Cong.), 1952	IOC docket 31074, 1953	Total revenue from rate increases since 1946	Percent of increase since 1946	Estimated revenue from H. R. 5836	Percent increase on 1956 rates from H. R. 5836	Percent increase since 1946 including H. R. 5836
1st class:										
Letters and sealed parcels:										
Letter mail.....				\$1.2		\$1.2	100.0	\$314.7	33.3	33.3
Drop letters ¹				32.6		32.6	100.0	1.2	50.0	200.0
Postal and post cards.....								32.6	50.0	200.0
Total, 1st class.....				33.8		33.8	3.4	348.5	34.4	38.9
Domestic airmail:										
Letters.....	-\$51.3	+\$17.1				-\$34.2	-25.0	17.1	16.6	-12.5
Cards ².....								.2	25.0	25.0
2d class:										
Publishers outside country:										
Regular publications:										
Editorial pound rates.....				4.6		4.6	30.0	11.2	60.0	108.0
Advertising pound rates.....				7.7		7.7	30.0	19.8	60.0	108.0
Per piece bulk minimum ³.....				.4		.4		1.0	100.0	100.0
Exempt publications:										
Pound rates.....				.8		.8				
Per piece bulk minimum ³.....				.6		.6	20.2	1.0	32.3	70.9
Transient.....										
Total, 2d class.....		.4		14.1		14.1	27.8	33.0	50.2	91.9
Controlled circulation.....					.4	.8	16.3	.7	12.1	30.4
3d class:										
Ounce rates:										
Pound rates:				.3		22.0	34.0	40.3	46.6	96.4
Circulars, miscellaneous printed matter, and merchandise.....		21.7								
Books, catalogs, seeds, cuttings, bulbs, roots, scions and plants.....		2.9				2.9	16.6	2.3	11.7	30.2
Per piece minimum.....		3.2				3.2	25.0	3.1	20.0	50.0
Bulk mailing fee ⁴		2.1		42.9		42.9	50.0	80.2	66.7	150.0
Total, 3d class.....		29.9		43.2		73.1	38.0	128.0	100.0	100.0
4th class:										
Parcel post.....		66.4	\$82.1		147.0	295.5	116.1			116.1
Catalogs.....		3.5	5.3		2.8	11.6	150.6			150.6
Books.....		6.5				6.5	46.8	(⁵)	25.0	83.5
Total, 4th class.....		76.4	87.4		149.8	313.6	113.8			113.8

¹ Local delivery at noncarrier offices.

² Service inaugurated Jan. 1, 1949.

³ Per piece bulk minimum charge inaugurated in 1952.

⁴ Established by Public Law 900.

⁵ Revenue gain of \$5 million from rate increase offset by revenue loss due to inclusion of additional material which now pays higher rates.

POSTAL RATE POLICY

Title II of H. R. 5836 relates to the establishment of a policy for postal rates by Congress. It provides for recommendations to be made by the Postmaster General with respect to the postal rate structure in conformity with certain principles. This policy declaration was adopted by the committee to provide a formalized statement of the basic principles recognized by Congress in the adjustment of the postal rate structure.

RATES IN BILL RELATED TO POLICY

In effect, title II of this bill provides a formalized policy statement of logical ratemaking principles while title I gives implementation to this policy through realistic postal rate adjustments at this time.

CONGRESS ALWAYS HAS SET POSTAL RATE POLICY

Whenever postal rates have been considered in the past, the question of a formal expression of policy has always been raised.

The committee points out, however, that in the 83d Congress much was made of the need to weigh the findings made by a special congressional committee in matters of postal rate policy. If the results of that committee study were followed literally, the rates on first-class mail well could be 5 or 6 cents.

It is the view of many members of the House Post Office and Civil Service Committee and students of postal rate problems that there always has been a postal policy. This policy is developed when rates are set. The rates set by this bill present a pattern of postal policy and are in line with the postal policy that has existed through the years.

In the hearings in 1956 former Postmaster General Farley, who served as Postmaster General about as long as anyone who has held that office in modern times, when questioned as to whether Congress should not take a look at the postal-rate structure policywise, replied, "Does not the Congress do that every year and have they not been taking a look every time this postal bill comes up here?"

The committee points out that there is a well-established postal policy, one that is being changed and modified as conditions warrant. Presently, this policy calls for continuation of the free-in-county privilege whereby certain publications are delivered without any postal charge whatever to patrons served by nonletter carrier offices (city).

We have a lower rate of postage for publications of religious, educational, agricultural, and other nonprofit organizations. We have a flat rate for books which is intended to equalize the cost of such reading matter throughout the country despite the fact that books are published in only a few publishing centers of the country. Newspapers and magazines delivered within county of publication have a much lower rate than other newspapers and magazines.

We have lower rates for bulk mailings of third-class partly based upon the processing accomplished by the mailers themselves. Second- and third-class rates have always been set at somewhat less than the apportioned cost as shown by the cost-ascertainment system, and, except for the present situation, our first-class rates have always been set from 12 to 64 percent above the apportioned cost.

The statement of policy appearing in title II formalizes and spells out these historic policies.

Section 201 provides that title II may be cited as the "Postal Rate Policy Act."

FINDINGS

The policy statement begins with a series of findings and conclusions, in section 202, with respect to the historical background, development, and expansion of the postal service, its contribution to the national economy and public welfare, the need for continuing those services which contribute to the public good, and the manner in which they should be performed.

It finds that—

(1) the postal service was created and has been extended and expanded for the purpose of uniting more closely the American people, to promote the general welfare, and advance national economy;

(2) under authority of the Congress, the postal service has expanded into a nationwide network of services and facilities for the communication of intelligence, the advancement of education and culture, and the distribution of articles of commerce and industry, contributing substantially to the national economy and the public good;

(3) in the continued expansion of the service and the authorization of services at a calculated loss to the Government, the Postal Establishment performs some services and functions of which the benefit to the public interest greatly outweighs profit and loss factors;

(4) the postal service should be operated in a businesslike manner but not as a commercial enterprise conducted for profit;

(5) it is unfair to place on a particular user or class of user of the mails the burden of underwriting those expenses incurred by the Postal Establishment which, being public services, are not related to the service they receive;

(6) the Congress, except with respect to fourth-class mail and certain special services, has never laid down a firm policy with respect to the identification and evaluation of those services rendered by the Postal Establishment in whole or in part for the benefit of the general public and those services which inure to certain users of the mails; and

(7) there is immediate need for a clear and affirmative declaration of congressional policy with respect to the creation and maintenance of a sound and equitable postal-rate structure.

DECLARATION OF POLICY

Section 203 of title II declares that it is the policy of the Congress—

(1) to provide a more stable basis for the postal-rate structure by the establishment of general principles, standards, and related requirements with respect to the determination and allocation of postal revenues and expenses, and

(2) in accordance with those general principles, standards, and related requirements, to provide a means by which the Congress, from time to time, may adjust postal rates in the light of periodic reviews of the postal-rate structure, expenses and revenues, and

reports and recommendations made by the Postmaster General on the basis of the cost-ascertainment system.

In addition to declaring the policy, title II outlines the general principles, standards, and related requirements referred to in the policy.

It provides that, in fixing and adjusting postal rates, consideration should be given to—

(a) preservation of the inherent advantages of the postal service in promoting the social, cultural, intellectual, and commercial intercourse of the people of the United States;

(b) development and maintenance of a postal service adapted to the present and future needs of the people of the United States;

(c) promotion of an adequate, economical, and efficient postal service at just and reasonable rates and fees;

(d) the impact of postal rates and fees on users of the mails;

(e) the postal requirements as to the manner and form of preparation and presentation of mailings of the various classes;

(f) the value of the mails;

(g) the value of the time of delivery; and

(h) the quality and character of the service measured in terms of priority, secrecy, security, speed of transmission, use of facilities and manpower, and other pertinent service factors.

FIRST-CLASS MAIL PREFERRED SERVICE

Under the recommended policy, first-class mail, which, according to the definitions contained in section 208, includes airmail but not air parcel post, is a preferred service and the postage for first-class mail should be sufficient to cover (1) the entire amount of expenses allocated to it and (2) an additional amount representing the fair value of all extraordinary and preferential services, facilities, and factors.

PUBLIC SERVICE

The declaration of policy provides that services, elements of service, and facilities performed and provided by the Postal Establishment in accordance with law, including services having public service aspects, which in whole or in part the Congress, from time to time, determines are public services, are to be administered as follows:

(1) The expenses of such services should be assumed directly by the Federal Government and paid for out of the general fund of the Treasury. These public service items should not constitute direct charges in the form of rates and fees upon any user or class of users of such public services, or of the mails generally.

(2) Nothing in title II is to be construed as indicating any intention on the part of Congress that such public services should be limited or restricted or to derogate in any way from the need and desirability of those services in the public interest.

For the purpose of fixing and adjusting the postal-rate structure in the manner provided by title II, and by sections 246f and 247 of title 39, United States Code, postal rates shall be adjusted from time to time so that the adjusted revenues shall be approximately equivalent to the total amount of expenses. This subsection does not change the standards governing rates and reformations on fourth-class mail which are prescribed in section 247 of title 39, United States Code, as modified by section 695, title 31, United States Code (fourth-class mail).

The Congress heretofore has declared that fourth-class mail as a whole shall be approximately self-sufficient, excluding from consideration those subclasses of fourth-class mail over which the Postmaster General's authority has been withdrawn by Congress. These are stated in sections 292a (d) and (e), as amended by this bill, and 293 (c), of title 39, United States Code.

AUTHORIZATION OF APPROPRIATIONS

Section 204 authorizes an appropriation to the revenues of the Post Office Department for each fiscal year of an amount equal to the sum of the public service items referred to in section 203 (c) (3). Such appropriation is to be available to enable the Postmaster General to pay into postal revenues at quarterly or other intervals such amounts as he deems to be necessary to reimburse the Department for public service expenses and losses of revenue.

APPLICATION OF COST-ASCERTAINMENT SYSTEM

Section 205 provides that for the purposes of title II the revenues and expenses of the Post Office Department are to be determined and ascertained, and each allocation and apportionment with respect thereto is to be made, on the basis of the cost-ascertainment system unless otherwise indicated in title II. Nothing in title II is to be construed to affect the cost-ascertainment system or any authority, power, duty, or procedure of the Postmaster General or the Postal Establishment generally, except to the extent necessary to carry out the provisions of title II.

REPORTS BY POSTMASTER GENERAL

The Postmaster General is directed by section 206 to conduct, on a continuing basis or from time to time, but not less than every 2 years, a review of the postal rate structure. The review will include a survey of the expenses incurred and the revenues received in connection with the several classes of mail and the kinds of services and facilities provided by the Postal Establishment, with a view to determining, for each class and kind of service and facility, the need for adjustment of postal rates and fees. The Postmaster General must submit to the Senate and House of Representatives before April 15 of each alternate fiscal year beginning with the fiscal year ending June 30, 1959, a report of the results of his review. The report must include information with respect to expenses and revenues pertinent to the allocation of expenses and the determination and adjustment of postal rates and fees, such other information as is necessary to enable the Congress to carry out its function under title II, and such other recommendations as the Postmaster General considers appropriate.

ADJUSTMENT OF RATES BY CONGRESS

This title is not to be construed to authorize any change, adjustment, or revision with respect to any postal rate or fee except as is otherwise provided by law or may be provided by further action of the Congress. It is made clear that there is no new grant of authority to the Postmaster General to fix rates or fees, and that it does not take away his authority to fix fees for special services (39

U. S. C. 246f) and to seek reformation of rates and other conditions of mailability of fourth-class mail (39 U. S. C. 247).

INVESTIGATION AND STUDY OF DIMENSIONAL CATEGORIES FOR LETTER MAIL AND CERTAIN THIRD-CLASS MAIL

The committee has requested the Postmaster General to conduct an investigation and study of the feasibility and desirability of (1) the establishment, by administrative regulation, of a limited number of categories of length and width dimensions for envelopes to be used for first-class mailings (except drop letters) and for third-class mailings (other than bulk mailings), and (2) the establishment of an additional charge for any such mailings not conforming to any of the specified dimensional categories.

The committee is informed that preliminary work on such investigation and study is underway and will be carried to completion and made the subject of a special report to the Congress during the next fiscal year.

In the judgment of the committee, the establishment of appropriate dimensional categories, and of additional charges for mailings not conforming thereto, are important factors for consideration in connection with the introduction of new and improved scientific and engineering principles designed for the more expeditious and economical handling of the mails.

CHANGES IN EXISTING LAW

In compliance with clause 3 of rule XIII of the Rules of the House of Representatives, changes in existing law made by the bill, as introduced, are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in italics, existing law in which no change is proposed is shown in roman):

FIRST SECTION OF JOINT RESOLUTION OF JUNE 30, 1947 (61 STAT. 213; PUBLIC LAW 144, EIGHTIETH CONGRESS)

That the rate of postage on all mail matter of the first class (except postal cards and private mailing or post cards) shall be **[3]** 4 cents for each ounce or fraction thereof: * * *

SECTIONS 201, 203, AND 204 OF THE POSTAL RATE REVISION AND FEDERAL EMPLOYEES SALARY ACT OF 1948 (62 STAT. 1261, 1262; 39 U. S. C. 463A, 291B, 292A)

AIR MAIL

SEC. 201. The rate of postage on all domestic air mail as defined in Public Law 730, Seventy-ninth Congress, shall, except in the case of postal cards and private mailing or post cards, be **[6]** 7 cents for each ounce or fraction thereof. The rate of postage on postal cards and private mailing or post cards (conforming to the conditions prescribed by the Act entitled "An Act to amend the postal laws relating to use of postal cards", approved May 19, 1898 (U. S. C., 1940 edition, title 39, sec. 281)), when sent by air mail, shall be **[4]** 5 cents each.

* * * * *

CONTROLLED CIRCULATION PUBLICATIONS

SEC. 203. Publications containing twenty-four pages or more issued at regular intervals of four or more times a year, 25 per centum or more of whose pages are devoted to text or reading matter and not more than 75 per centum to advertising matter, which are circulated free or mainly free, may, upon authorization by the Postmaster General and under such regulations as he may prescribe, be accepted for mailing at the postage rate of [10] 12 cents a pound or fraction thereof *regardless of the weight of the individual copies*, computed on the entire bulk mailed at one time, but not less than 1 cent per piece, provided the copies of such publications are presented for mailing made up according to States, cities, and routes as directed by the Postmaster General: *Provided*, That publications owned and controlled by one or several individuals or business concerns and conducted as an auxiliary to and essentially for the advancement of the main business or calling of those who own or control them shall not be accepted under this section. *The rates provided in this section shall remain in effect until otherwise provided by Congress.*

FOURTH-CLASS (PARCEL POST) MAIL

SEC. 204. (a) * * *

* * * * *

(d) [(1) Books, permanently bound for preservation consisting wholly of reading matter or reading matter with incidental blank spaces for student's notations and containing no advertising matter other than incidental announcements of books and when in parcels not exceeding seventy pounds in weight, may be sent at the postage rate of 8 cents for the first pound or fraction thereof and 4 cents for each additional pound or fraction thereof.

[(2) The rate provided in paragraph (1) for books may apply to sixteen-millimeter films and sixteen-millimeter film catalogs when sent through the mails except when sent to commercial theaters.] *The following materials when in parcels not exceeding seventy pounds in weight may be sent at the postage rate of 10 cents for the first pound or fraction thereof and 5 cents for each additional pound or fraction thereof, and this rate shall continue until otherwise provided by the Congress:*

(1) books permanently bound for preservation consisting wholly of reading matter or scholarly bibliography or reading matter with incidental blank spaces for students' notations and containing no advertising matter other than incidental announcements of books; (2) sixteen-millimeter films and sixteen-millimeter film catalogs except when sent to commercial theaters; (3) printed music whether in bound form or in sheet form; (4) printed objective test materials and accessories thereto used by or in behalf of educational institutions in the testing of ability, aptitude, achievement, interests, and other mental and personal qualities with or without answers, test scores, or identifying information recorded thereon in writing or by mark; and (5) manuscripts for books, periodical articles, and music.

[(e) (1) Books, consisting wholly of reading matter and containing no advertising matter other than incidental announcements of books, when sent by public libraries, organizations, or associations not organized for profit and none of the net income of which inures to

the benefit of any private stockholder or individual, as a service to county or other unit libraries or as a loan to readers or when returned by the latter libraries or readers to such public libraries, organizations, or associations shall be charged with postage at the rate of 4 cents for the first pound or fraction thereof and 1 cent for each additional pound or fraction thereof, except, that the rates now or hereafter prescribed for third- or fourth-class matter shall apply in every case where such rate is lower than the rate prescribed in this subsection for books under this classification: *Provided*, That this rate shall apply only to such books as are addressed for local delivery, for delivery in the first, second, or third zone, or within the State in which mailed. Public libraries, organizations, or associations before being entitled to the foregoing rates shall furnish to the Postmaster General, under such regulations as he may prescribe, satisfactory evidence that none of their net income inures to the benefit of any private stockholder or individual.

【(2) The rate provided in paragraph (1) for books may apply to sixteen-millimeter films, filmstrips, projected transparencies and slides, microfilms, sound recordings, and catalogs of such materials when sent to or from (A) schools, colleges, universities, or public libraries, and (B) religious, educational, scientific, philanthropic, agricultural, labor, veterans', or fraternal organizations or associations, not organized for profit and none of the net income of which inures to the benefit of any private stockholder or individual.】

(e) (1) *The following materials when in parcels not exceeding seventy pounds in weight when loaned or exchanged between (A) schools, colleges, or universities and (B) public libraries, religious, educational, scientific, philanthropic, agricultural, labor, veterans, or fraternal organizations or associations not organized for profit and none of the net income of which inures to the benefit of any private stockholder or individual, or between such organizations and their members or readers or borrowers, shall be charged with postage at the rate of 4 cents for the first pound or fraction thereof and 1 cent for each additional pound or fraction thereof, except that the rates now or hereafter prescribed for third- or fourth-class matter shall apply in every case where such rate is lower than the rate prescribed in this subsection and this rate shall continue until otherwise provided by the Congress: (i) books consisting wholly of reading matter or scholarly bibliography or reading matter with incidental blank spaces for students' notations and containing no advertising matter other than incidental announcements of books; (ii) printed music, whether in bound form or in sheet form; (iii) bound volumes of academic theses in typewritten or other duplicated form and bound volumes of periodicals; and (iv) other library materials in printed, duplicated, or photographic form or in the form of unpublished manuscripts.*

(2) *The rate provided in paragraph (1) for books may apply to sixteen-millimeter films, filmstrips, transparencies for projection and slides, microfilms, sound recordings, and catalogs of such materials when sent in parcels not exceeding seventy pounds in weight to or from (A) schools, colleges, or universities and (B) public libraries, religious, educational, scientific, philanthropic, agricultural, labor, veterans, or fraternal organizations or associations, not organized for profit and none of the net income of which inures to the benefit of any private stockholder or individual.*

(3) *Public libraries, organizations, or associations, before being entitled to the rates specified in paragraphs (1) and (2) of this subsection,*

shall furnish to the Postmaster General, under such regulations as he may prescribe, satisfactory evidence that none of their net income inures to the benefit of any private stockholder or individual.

SECTIONS 1, 2, AND 3 OF THE ACT OF OCTOBER 30, 1951 (65 STAT. 672; 39 U. S. C. 280, 289A, 290A-1)

FIRST-CLASS MAIL

SECTION 1. (a) The rate of postage on each single postal card issued and sold under the provisions of section 3916 of the Revised Statutes (U. S. C., title 39, sec. 356), and on each portion of double postal cards issued and sold under the provisions of the Act of March 3, 1879 (U. S. C., title 39, sec. 358), shall be [2] 3 cents. The rate of postage on each private mailing or post card conforming to the conditions prescribed by the Act of May 19, 1898 (U. S. C., title 39, sec. 281), shall be [2] 3 cents.

(b) Except as provided in paragraph (a) of this section, the rate of postage on mail matter of the first class when mailed for local delivery at post offices where free delivery by carrier is not established and when the matter is not collected or delivered by rural or star route carriers, shall be [2] 3 cents for each ounce or fraction thereof.

SECOND-CLASS MAIL

SEC. 2. (a) In the case of publications entered as second-class matter (including sample copies to the extent of 10 per centum of the weight of copies mailed to subscribers during the calendar year) when mailed by the publisher thereof from the post office of publication and entry or other post office where such entry is authorized, or when mailed by news agents (registered as such under regulations prescribed by the Postmaster General) to actual subscribers thereto or to other news agents for the purpose of sale, the total postage computed at the pound rates in effect under existing law and based on the bulk weight of each mailing shall be increased (1) by 10 per centum, beginning on April 1, 1952, (2) by an additional 10 per centum, based on the rates now in force, beginning on April 1, 1953, and (3) by an additional 10 per centum, based on the rates now in force, beginning on April 1, [1954] 1954, and (4) such postage is further adjusted to the amounts set forth in the following table, on the dates specified:

	Effective July 1, 1957 (cents per pound, or fraction thereof)	Effective July 1, 1958 (cents per pound, or fraction thereof)	Effective July 1, 1959 (cents per pound, or fraction thereof)	Effective July 1, 1960 (cents per pound, or fraction thereof)
A publication having not more than 5 per centum of its space devoted to advertisements, and that portion of other publications devoted to matter other than advertisements	2.2	2.5	2.8	3.1
Advertising portion of a publication having more than 5 per centum of its space devoted to advertisements:				
First and second zones	2.2	2.5	2.8	3.1
Third zone	3.0	3.4	3.8	4.2
Fourth zone	4.5	5.1	5.7	6.2
Fifth zone	6.0	6.8	7.5	8.3
Sixth zone	7.5	8.4	9.4	10.4
Seventh zone	9.0	10.1	11.3	12.5
Eighth zone	10.5	11.8	13.2	14.6

: *Provided*, That publications having over 75 per centum advertising in more than one-half of their issues during any twelve months' period shall not be accepted for mailing as second-class matter and their entry shall be revoked, except that for the purpose of this proviso only, a charge made solely for the publication of transportation schedules, fares, and related information shall not be construed as constituting a charge for advertising: *Provided further*, That the rate of postage on newspapers or periodicals maintained by and in the interests of religious, educational, scientific, philanthropic, agricultural, labor, veterans' or fraternal organizations or associations, not organized for profit and none of the net income of which inures to the benefit of any private stockholder or individual, shall be 1½ cents per pound or fraction thereof, and the increases provided by this section shall not apply to such rate: *And further provided*, That existing rates shall continue in effect with respect to any religious, educational, or scientific publication designed specifically for use in school classrooms or in religious instruction classes. The publisher of any such newspaper, periodical, or publication before being entitled to such rate shall furnish proof of qualification to the Postmaster General at such times and under such conditions as the Postmaster General may prescribe.

* * * * *

(c) In no case, except where the free-in-county mailing privilege is applicable, shall the postage on each individually addressed copy be less than [one-eighth of 1 cent] *one-fourth of 1 cent, except that (1) the postage on each individually addressed copy mailed by the organizations listed, and for the purposes prescribed, in the second and third provisos of subsection (a) of this section, and each individually addressed copy of a publication of the second class addressed for delivery within the county and not entitled to the free-in-county mailing privilege, shall not be less than one-eighth of 1 cent and (2) the per copy rates prescribed for publications covered by section 25 of the Act of March 3, 1879, as amended (39 U. S. C. 286), are continued.*

(d) The rate of postage on copies of publications having second-class entry mailed by others than the publishers or authorized news agents, sample copies mailed by the publishers in excess of the 10 per centum allowance entitled to be sent at the pound rates, and copies mailed by the publishers to persons who may not be included in the required legitimate list of subscribers, shall be 2 cents for the first two ounces and [1 cent] *1½ cents* for each additional two ounces or fraction thereof, except when the postage at the rates prescribed for fourth-class matter is lower, in which case the latter rates shall apply, computed on each individually addressed copy or package of unaddressed copies, and not on the bulk weight of the copies and packages.

THIRD-CLASS MAIL

SEC. 3. The rate of postage on third-class matter shall be [2] *3 cents* for the first two ounces or fraction thereof, and [1 cent] *1½ cents* for each additional ounce or fraction thereof up to and including eight ounces in weight, except that the rate of postage on books and catalogs, of twenty-four pages or more, seeds, cuttings, bulbs, roots, scions, and plants not exceeding eight ounces in weight shall be [2] *3 cents* for the first two ounces or fraction thereof and [1½ cents] *1 cent* for each additional [two ounces] *ounce* or fraction thereof: *Provided*, That

upon payment of a fee of **[\$10]** \$20 for each calendar year or portion thereof and under such regulations as the Postmaster General may establish for the collection of the lawful revenue and for facilitating the handling of such matter in the mails, it shall be lawful to accept for transmission in the mails, separately addressed identical pieces of third-class matter in quantities of not less than twenty pounds, or of not less than two hundred pieces, subject to pound rates of postage applicable to the entire bulk mailed at one time: *Provided further*, That the rate of postage on third-class matter mailed in bulk under the foregoing provision shall be **[14]** 16 cents for each pound or fraction thereof with a minimum charge per piece of **[1 cent]** 2 cents, except that in the case of books and catalogs of twenty-four pages or more, seeds, cuttings, bulbs, roots, scions, and plants the rate shall be **[10]** 12 cents for each pound or fraction thereof with a minimum charge per piece of **[1 cent]** 2 cents: **[Provided further**, That the minimum charge per piece of 1 cent specified in the foregoing proviso shall be increased to 1½ cents on July 1, 1952:] *Provided further*, That the minimum charge per piece of 2 cents specified in the foregoing proviso shall be increased to 2½ cents on July 1, 1959: *Provided further*, That pieces or packages of such size or form as to prevent ready facing and tying in bundles and requiring individual distributing throughout shall be subject to a minimum charge of **[3]** 5 cents each: *And provided further*, That the rates prescribed by this section shall not apply with respect to matter mailed by religious, educational, scientific, philanthropic, agricultural, labor, veterans', or fraternal organizations or associations, not organized for profit and none of the net income of which inures to the benefit of any private stockholder or individual, and the existing rates shall continue to apply with respect to such matter.

SECTION 4 (a) OF THE CIVIL SERVICE RETIREMENT ACT (70 STAT. 747)

DEDUCTIONS AND DEPOSITS

SEC. 4. (a) From and after the first day of the first pay period which begins on or after the effective date of the Civil Service Retirement Act Amendments of 1956, there shall be deducted and withheld from each employee's basic salary an amount equal to 6½ per centum of such basic salary and from each Member's basic salary an amount equal to 7½ per centum of such basic salary. From and after the first day of the first pay period which begins after June 30, 1957, an equal sum shall also be contributed from the respective appropriation or fund which is used for payment of his salary, pay or compensation, or in the case of an elected official, from such appropriation or fund as may be available for payment of other salaries of the same office or establishment. The amounts so deducted and withheld by each department or agency, together with the amounts so contributed, shall, in accordance with such procedures as may be prescribed by the Comptroller General of the United States, be deposited by the department or agency in the Treasury of the United States to the credit of the fund. There shall also be so credited all deposits made by employees or Members under this section. **[Amounts contributed under this subsection from appropriations of the Post Office Department shall not be considered as costs of providing postal service for the purpose of establishing postal rates.]**

PARAGRAPH UNDER HEADING "GENERAL PROVISIONS" UNDER APPROPRIATIONS FOR POST OFFICE DEPARTMENT CONTAINED IN CHAPTER IV OF SUPPLEMENTAL APPROPRIATION ACT, 1951 (64 STAT. 1050; 31 U. S. C. 695)

GENERAL PROVISIONS

Hereafter, none of the funds appropriated to the Post Office Department from the general fund of the Treasury shall be withdrawn from the Treasury until the Postmaster General shall certify in writing that he has requested the consent of the Interstate Commerce Commission to the establishment of such rate increases or other reformatations (in addition to any specific increases or other reformatations heretofore or hereafter authorized or prescribed by law), pursuant to the provisions of section 207 of the Act of February 28, 1925, as amended (39 U. S. C. 247), as may be necessary to insure [the receipt of revenue from fourth-class mail service sufficient to pay the cost of such service] *(1) that the revenues from fourth-class mail service will not exceed by more than 3 per centum the costs thereof, or (2) that the costs of such fourth-class mail service will not exceed by more than 3 per centum the revenues therefrom: Provided, That the foregoing shall not be construed to require any increase in the postage rate, established by the Act of April 15, 1937 (39 U. S. C. 293c), for publications or records furnished to a blind person.*

MINORITY VIEWS

This legislation will, it is said, increase postal revenues by an estimated \$527 million annually. Nearly 70 percent of this, or \$365 million, will come from first-class mail and air mail. According to Post Office Department statistics, first-class letter and package mail as a whole earned a profit of over \$35 million for the fiscal year 1956, while air mail earned a profit of \$23 million.

UNFAIR TAX ON FIRST-CLASS MAIL USER

Regardless of what revenue this legislation will or will not produce, it is subject to objection on other grounds. It is unrealistic and misleading. It tends to obscure rather than clarify the mission of the postal service in our national life. The undersigned members of the committee feel that this is a radical departure from the concept of public service which is the keystone of our Postal Establishment. We cannot condone saddling the first-class mail—the medium of communication of the individual—with a 33½ percent increase on every piece, an action which is justified solely on the ground of necessity to pay for losses on other classes of mail.

It will be noted that the existing profit added to the proposed increase on first-class mail comes very close to the amount of the overall deficit in second- and third-class mail. In other words, this bill will superimpose on a major segment of our most universally used class of mail—which in 1956 showed a profit—new charges to continue and increase this profit. The additional profit thus exacted from users of first-class mail will pay an even larger share of the subsidy for second- and third-class users than is the case at present. This is an unconscionable burden, in the nature of a tax, which should not be approved.

PUBLIC SERVICE POLICY IGNORED

This legislation, moreover, was reported without a decision on the one question which is fundamental to any determination of policy with respect to postal rates. That is the question as to what is the value of the public service functions in our annual postal budget. Just what mail should pay its way, what mail, if any, should have its costs borne by other mail, and what mail should be paid for out of the general fund of the Treasury? We believe it is a duty not only to the Congress but to the people, to mark out and define basic policy of public service; this obligation has not been met.

Failure to determine this fundamental question makes all of the rates contained in this bill subject to question. We disagree with the suggestion, offered in justification of this bill, that the post office is purely a business. Any efforts to balance the postal budget—however desirable that may be—must not be at the expense of the primary purpose of the postal establishment, which is to provide an indispensable service to the people. This traditional policy was laid down by the Congress from the very inception of our postal establishment.

The charter of the Post Office Department as a service agency is almost legendary. Post offices throughout the country are used for all kinds of public, civic, and community purposes which contribute to the welfare of our people.

The very fact that we maintain over 38,000 post offices (of which a great many do not pay their own way) further points up the public service aspects of the postal establishment, and that it is not just for first-class users or any other particular class of mail users. In some communities the post office represents the only close contact that our citizens have with their Federal Government. It would be extremely inadvisable to tamper with this public service which has meant so much in the building of our country.

Each time that Congress has established a new rate for mail which is not to pay its full cost, it has clearly shown that the reason is public service. An example is the special rate for weekly county papers. This class of mail never was intended to pay its entire cost. It was established as a public service, for the benefit of all. The excess cost was to be paid from the Public Treasury, and not by any particular class of mail. The same is largely true of the rural-delivery service, which is precisely what the name implies, a public service. No one suggests that rural-delivery service should be segregated and made to pay its own way. But this bill would charge losses on these particular services to another class of mail users rather than to the Public Treasury.

Conversely, whenever Congress has intended that any class of mail, or any other Government function, for that matter, should pay its way or that its revenue should bear any particular relationship to cost, it has so stated in clear and unmistakable terms. The classic example of this, of course, is fourth-class mail, the rates of which are fixed according to law at a level calculated to return costs.

If changes of the magnitude included in this bill are to be made, it certainly should be shown as a matter of policy exactly what mail is to be regarded as a public service and what mail should pay its own way. To the extent that the Postal Establishment is a public service its costs should be charged to the Public Treasury, not to any particular class of mail just to satisfy an administrative desire to present financial results in a more favorable light. This principle is indisputable. It is contrary to the public interest to replace it by any proposition that the Post Office and its services henceforth will be merely a business, the value of which is measured solely by profit and loss statements.

This bill rests on faulty logic. It is an attempt to completely reverse the thinking, the policy, and the approach of Congress on the tremendously important matter of postal rates. It rules out "public service" in determining postal rates, and substitutes a new criterion: "The Post Office is a business."

PUBLIC-SERVICE FUNCTIONS OF OTHER DEPARTMENTS COMPARED

Another hard fact has been ignored. This legislation creates standards for the Postal Establishment which are diametrically opposed to the standards applicable to other departments. No other departments, regardless of the volume of revenues, have brought pressure to bear to change public-service functions over to a money-

making basis; yet some have substantial revenues, although perhaps not as great as postal revenues. It is all very well to assert that other departments are not like the postal service. The sole difference is in the kind and the volume of public service rendered; revenues are matters of quantum, not of policy. Such differences as there may be are the reason we have separate departments and agencies. The amount of the revenues is not determinative. No other department has proposed that citizens who use one particular kind of public service shall pay more than the actual cost so that the resultant profit may be used to provide services at less than cost for others.

POSTAL SALARIES SHOULD NOT BE AFFECTED

We reject any idea that the matter of adjusting salaries of postal employees is contingent upon postal rate increases. They are separate subjects, and it is improper and prejudicial to inject the one into the consideration of the other. Each postal worker should be paid what his job is worth, and his salary is not dependent upon how much money he or his department collects for the Government.

THIS LEGISLATION IS A LONG STEP BACKWARD

The great principle of free and unimpeded communications in and between the several States was extended to the postal service by the ordinance of October 18, 1782 (revising the several regulations theretofore made relating to the post office and reducing them to one act), which contained this statement:

Whereas the communication of intelligence with regularity and despatch, from one part to another of these United States, is essentially requisite to the safety as well as the commercial interest thereof * * *.

The very existence of the postal service stems from this fundamental principle. It is the Postal Establishment's reason for being, its charter, birthright, and heritage. Free communication between the States in one of the greatest factors in the growth of our Nation, in the short span of 175 years, from a colonial possession to the most powerful and enlightened Nation the world has ever known. The proposed increase in first-class mail would be comparable in effect to an extra tax or tariff on this vital line of communication and is in direct conflict with this policy.

UNFAIR TO CHARGE POSTAL EMPLOYEES' RETIREMENT AGAINST USERS OF THE MAILS

This bill will repeal a section of the Civil Service Retirement Act which provides that payments made by the Post Office Department for postal employees' civil service retirement shall not be considered as a basis for setting postage rates. This will create an unfair burden upon users of the postal service. Civil service retirement is available to all employees of the Federal Government regardless of whether they work for the Post Office Department or any other department or agency. The Federal employees' retirement is not a factor in determining what services will be provided. The assessment of postal

employees' retirement against users of the mails is a departure from past procedures and will result in an unfair and unjust charge against the users of the mail.

SMALL PUBLISHERS WILL BE HURT

It is the view of the undersigned that the provisions of this bill will place an unbearable burden upon publishers having a small circulation when compared with those publishers whose circulations run into the hundreds of thousands and even millions for each issue. In 1934 Congress repealed a 30 percent increase applied just 2 years before because some publishers were unable to stand the impact of that increase. In 1951 all publishers were given three 10 percent increases effective in annual increments. Many small publishers testified before the committee that they could not withstand additional increases in the amount provided in this bill and that the maximum that they could stand without impairment of their capital structure was 10 percent in three annual increments. On the other hand, there are large publishers whose circulation per issue runs into several millions. These publishers may well accept the proposed increases. It is pointed out that second-class mail will never pay its apportioned cost. Accordingly, the application of realistic second-class rates must take into consideration a separate schedule for the smaller publishers who might be adversely affected.

THE FOLLOWING INFORMATION IS VITAL AND CONTAINS MANY STATISTICS OF INTEREST TO THE MEMBERS

FIRST-CLASS MAIL SHOWS A PROFIT

1. The factual data is conclusive that first-class mail has been more than paying its way since the rate was increased in 1932 from 2 to 3 cents an ounce. First-class mail was paying its way at the time of the last available reporting. The latest cost-ascertainment figures show that in fiscal year 1956 revenues from first-class mail matter were \$1,014 million. Costs allocated to this category were \$978 million.

It requires no slide rule or crystal ball to conclude that H. R. 5836, if it had been in effect in 1956, would have overcharged first-class users of the mail by \$384,500,000.

The first-class rate was raised in 1932 from 2 to 3 cents by the House Ways and Means Committee as a tax measure. Under circumstances surrounding the administration's proposal to increase postal rates, particularly as they are needed to effect a balanced budget, it is logical to conclude that in reality the first-class rate proposal is a tax on the people at a time when the crushing burden of taxes should be reduced.

POSTAL POLICY SHOULD IDENTIFY ELEMENTS OF PUBLIC SERVICE

2. While the Post Office Department included in H. R. 5836 a policy section, its provisions are not self-executing.

The Congress is being asked to enact a postal rate bill based upon a policy which the Congress itself has not yet fully adopted. Since no fundamental determination of policy has been made, the rates con-

tained in this measure are unrealistic. We must resolve the question as to what is the value of the public service functions in our postal budget before we can enact equitable rate adjustments. The Post Office Department makes a case for public service in the amount of \$28 million, less than 1 percent of the total Post Office budget. The United States Senate Committee on Post Office and Civil Service is considering a report which reveals public services in an amount of more than \$500 million. Failure to determine this fundamental question makes all of the rates contained in this bill subject to question.

INADEQUATE BASIS FOR DETERMINING IMPACT ON SEGMENTS OF OUR ECONOMY

In order to emphasize the weakness of the Department's case for policy, reference is made to page 15, line 17 of the bill which provides that when readjusting rates, consideration shall be given to—

the effect of postal services and the impact of postal rates and fees on users of the mails.

The Department representatives were questioned extensively on this feature of the bill. They admitted that no studies had been made by the Department or any other department of Government to permit such a determination. In the final analysis the committee was called upon to accept or reject this "belief" that there would be no adverse repercussions if the rate bill is enacted. On the other hand, substantial testimony was adduced which indicates that many small-business firms who depend upon the mails for their existence will suffer hardships under the impact of the rates proposed.

NET GAIN TO GOVERNMENT DECEPTIVE

One factor brought out during committee hearings was the fact that postage is a business expense item and that business users of the mails while paying more postage will not pay as much in taxes. Since, as the Department pointed out, 75 percent of the mail is sent by business, it will be obvious that the \$527,500,000 additional revenues it hopes to achieve will be offset considerably by smaller tax collections on this amount from the same firms.

No one can assess the losses which might occur if countless mailers are bankrupt or forced into the red. Too often forgot is the fact that where there are no profits there are no taxes. General Motors and other large corporations will not face this problem but the smaller businesses throughout America, for whom both major political parties and the administration have expressed so much concern, may very well find the rate increases proposed here the last nail in their coffin.

To legislate on such a basis is dangerous.

COST ASCERTAINMENT

The present policy provision endorses cost ascertainment as a basis for ratemaking. Yet the Post Office Department has said that this system can not be used exclusively for ratemaking purposes.

An effort has been made by the Post Office Department to adjust costs for certain intangible factors such as priority of handling, value of service, and value of product. These adjustments, made on an

arbitrary basis without reference to a policy enacted by the Congress, leave open to question all of the conclusions and provide a basis so arbitrary that costs can be adjusted annually to prove any case desired.

DATA MISLEADING

The House of Representatives should not be blind to the fact that the Senate has been holding hearings on a report submitted to it by a seven-man citizens' advisory council. This report demonstrates that there exist within the Department's deficit public welfare items which, at the present time, cost over \$400 million to perform.

Members may want to ask themselves: Shall we tax the users of the mail, particularly first-class users, to pay for services which the Congress in its wisdom over the years has legislated in the interest of our people?

If the "true" deficit for the coming year is closer to \$251 million rather than the \$651 million announced by the Department, we should be tailoring a bill which will raise \$251 million. And since first-class mail has been making a profit, we should look first to a clear-cut statement of postal policy as a basis for raising postal rates. Perhaps we shall then look to special services (c. o. d., insured mail, registered mail, etc.—all losing \$48 million according to Department testimony) and to classes of mail other than first class.

It is the recommendation of the undersigned that H. R. 5836 be recommitted in order that the foregoing principles may be given proper consideration.

JAMES H. MORRISON.
JAMES C. DAVIS.
JOHN LESINSKI.
CHET HOLIFIELD.
ROBERT W. HEMPHILL.

ADDITIONAL MINORITY VIEW OF HON. CHARLES O. PORTER

I concur substantially in the minority report, but wish to add the following to make my own position clear:

Users of the postal service should pay full price for services received, except where the Congress as a matter of public policy decides otherwise.

If you agree with that statement of principle, you will vote to recommit this bill for extensive changes, particularly the following:

1. No first-class or airmail increases, since the users of those classes now are paying for the service they receive.

2. As for second- and third-class increases, Congress must first make up its mind what percentage, if any, of the costs in these categories can and should be paid by the respective users.

PRESENT BILL IS TAXATION

If first-class users must pay an excise tax, which is what the present bill proposes, the legislation should come from the Ways and Means Committee as was the case in 1932 when the rate was increased from 2 to 3 cents an ounce.

No substantiating facts have been presented to the committee to warrant the large increases in second- and third-class rates. Before we endanger thousands of small businesses, we should have a thorough and reliable study to determine the impact of the proposed increases. The proposed increases are a long step in the dark. Tax losses could exceed the revenues raised by this bill.

POLICY—THEN RATES

Postal rate policy determinations have yet to be made in accordance with the principles suggested above or in accordance with any set of principles agreed upon by the committee or Congress.

The first step in the modification of rates, a step yet to be taken, is the establishment of guidelines for ratemaking. Until this is done, the confusion and irresponsibility will continue and no Member of Congress will be able to explain why rates are what they are.

CHARLES O. PORTER.

$$\frac{d}{dt} \left(\frac{1}{2} m v^2 \right) = \frac{1}{2} m \frac{d}{dt} (v^2) = \frac{1}{2} m \frac{d}{dt} (v_x^2 + v_y^2 + v_z^2)$$

where v_x, v_y, v_z are the components of the velocity vector \mathbf{v} in the x, y, z directions respectively.

Since the mass m is constant, we can write the above equation as:

$$\frac{d}{dt} (v_x^2 + v_y^2 + v_z^2) = \frac{2}{m} \frac{d}{dt} \left(\frac{1}{2} m v^2 \right)$$

Now, let us consider the motion of a particle in a uniform electric field \mathbf{E} along the x -axis.

The force acting on the particle is $\mathbf{F} = q\mathbf{E}$, where q is the charge of the particle.

Since the force is constant, the acceleration \mathbf{a} is also constant and is given by:

$$\mathbf{a} = \frac{\mathbf{F}}{m} = \frac{q\mathbf{E}}{m}$$

Let us assume that the particle starts from rest at $t = 0$. Then, the velocity \mathbf{v} at any time t is given by:

$$\mathbf{v} = \mathbf{a}t = \frac{q\mathbf{E}}{m}t$$

Substituting this expression for \mathbf{v} in the equation for the rate of change of kinetic energy, we get:

$$\frac{d}{dt} \left(\frac{1}{2} m v^2 \right) = \frac{1}{2} m \frac{d}{dt} \left(\left(\frac{q\mathbf{E}}{m}t \right)^2 \right)$$

Since \mathbf{E} is constant, we can take it out of the derivative:

$$\frac{d}{dt} \left(\frac{1}{2} m v^2 \right) = \frac{1}{2} m \left(\frac{q^2 E^2}{m^2} \right) \frac{d}{dt} (t^2)$$

Now, $\frac{d}{dt} (t^2) = 2t$, so we have:

$$\frac{d}{dt} \left(\frac{1}{2} m v^2 \right) = \frac{1}{2} m \left(\frac{q^2 E^2}{m^2} \right) 2t = \frac{q^2 E^2}{m} t$$

Integrating both sides with respect to t , we get:

$$\frac{1}{2} m v^2 = \frac{q^2 E^2}{2m} t^2 + C$$

Since the particle starts from rest at $t = 0$, we have $C = 0$. Therefore, the kinetic energy of the particle at any time t is given by:

$$\frac{1}{2} m v^2 = \frac{q^2 E^2}{2m} t^2$$

85TH CONGRESS
1ST SESSION

H. R. 5836

[Report No. 524]

IN THE HOUSE OF REPRESENTATIVES

MARCH 11, 1957

Mr. MURRAY introduced the following bill; which was referred to the Committee on Post Office and Civil Service

JUNE 3, 1957

Reported with amendments, committed to the Committee of the Whole House on the State of the Union, and ordered to be printed

[Omit the part struck through and insert the part printed in italic]

A BILL

To readjust postal rates and to establish a congressional policy for the determination of postal rates, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

GENERAL STATEMENT

4 In the light of the findings in title II of this Act and
5 information received by the Congress with respect to postal
6 activities, revenues, and expenses, the Congress recognizes
7 that—

8 (1) adjustments in presently existing postal rates
9 and fees are necessary and desirable in order that, to
10 the extent consistent with the public interest and the

1 policies in title II of this Act, postal revenues will
 2 more nearly equal postal expenses *and postal service*
 3 *will be improved*; and

4 (2) it is necessary and desirable in the public
 5 interest that the Congress establish a definite, affirmative,
 6 and integrated policy with respect to postal activities,
 7 revenues, and expenses which will serve as a guide in
 8 the determination and adjustment by the Congress,
 9 from time to time, of the postal-rate structure.

10 TITLE I—POSTAL RATE INCREASES

11 SHORT TITLE

12 SEC. 101. This title may be cited as the “Postal Rate
 13 Increase Act, 1957.”

14 FIRST-CLASS MAIL

15 SEC. 102. (a) That part of the first section of the Joint
 16 Resolution of June 30, 1947 (61 Stat. 213; 39 U. S. C.
 17 280), which precedes the proviso, is amended by striking
 18 out “3 cents” and inserting in lieu thereof “4 cents”.

19 (b) Section 1 of the Act of October 30, 1951 (65 Stat.
 20 672; 39 U. S. C. 280), as amended, is further amended—

21 (1) by striking out “2 cents” wherever appearing
 22 in subsection (a) and inserting in lieu thereof “3 cents”;
 23 and

24 (2) by striking out “2 cents” in subsection (b)
 25 and inserting in lieu thereof “3 cents”.

DOMESTIC AIRMAIL

SEC. 103. Section 201 of the Postal Rate Revision and Federal Employees Salary Act of 1948 (62 Stat. 1261; 39 U. S. C. 463a) is amended—

- (1) by striking out “6 cents” in the first sentence and inserting in lieu thereof “7 cents”; and
- (2) by striking out “4 cents” in the second sentence and inserting in lieu thereof “5 cents”.

SECOND-CLASS MAIL

SEC. 104. (a) Section 2 (a) of the Act of October 30, 1951 (65 Stat. 672; 39 U. S. C. 289a), is amended by inserting immediately before the colon which precedes the first proviso the following: “, and (4) such postage is further adjusted to the amounts set forth in the following table, on the dates specified:

	Effective July 1, 1957 (cents per pound, or fraction thereof)	Effective July 1, 1958 (cents per pound, or fraction thereof)	Effective July 1, 1959 (cents per pound, or fraction thereof)	Effective July 1, 1960 (cents per pound, or fraction thereof)
A publication having not more than 5 per centum of its space devoted to advertisements, and that portion of other publications devoted to matter other than advertisements	2. 2	2. 5	2. 8	3. 1
Advertising portion of a publication having more than 5 per centum of its space devoted to advertisements:				
First and second zones	2. 2	2. 5	2. 8	3. 1
Third zone	3. 0	3. 4	3. 8	4. 2
Fourth zone	4. 5	5. 1	5. 7	6. 2
Fifth zone	6. 0	6. 8	7. 5	8. 3
Sixth zone	7. 5	8. 4	9. 4	10. 4
Seventh zone	9. 0	10. 1	11. 3	12. 5
Eighth zone	10. 5	11. 8	13. 2	14. 6”

1 The adjustment in postage contained in the amendment made
2 by this subsection shall not apply to any issue of a newspaper
3 with respect to which issue the entire press run consists of
4 five thousand copies or less and the rate or rates of postage,
5 as in effect immediately prior to the date of enactment of
6 this Act, for the mailing of any issue of any newspaper to
7 which this sentence applies shall remain in effect until other-
8 wise provided by Congress.

9 (b) Section 2 (c) of such Act of October 30, 1951,
10 is amended by striking out "one-eighth of 1 cent" and in-
11 serting in lieu thereof "one-fourth of 1 cent, except that
12 (1) the postage on each individually addressed copy mailed
13 by the organizations listed, and for the purposes prescribed
14 in the second and third provisos of subsection (a) of this
15 section, and each individually addressed copy of a publication
16 of the second class addressed for delivery within the county
17 and not entitled to the free-in-county mailing privilege, shall
18 not be less than one-eighth of 1 cent, and (2) the per copy
19 rates prescribed for publications covered by section 25 of
20 the Act of March 3, 1879, as amended (39 U. S. C. 286),
21 are continued".

22 (c) Section 2 (d) of such Act of October 30, 1951, is
23 amended by striking out "1 cent" and inserting in lieu thereof
24 "1½ cents".

CONTROLLED CIRCULATION PUBLICATIONS

SEC. 105. Section 203 of the Postal Rate Revision and Federal Employees Salary Act of 1948 (62 Stat. 1262; 39 U. S. C. 291b), is amended—

(1) by striking out “10 cents a pound or fraction thereof” and inserting in lieu thereof “12 cents a pound or fraction thereof regardless of the weight of the individual copies”; and

(2) by adding at the end thereof a new sentence reading “The rates provided in this section shall remain in effect until otherwise provided by Congress.”.

THIRD-CLASS MAIL

SEC. 106. Section 3 of the Act of October 30, 1951 (65 Stat. 673; 39 U. S. C. 290a-1), is amended—

(1) in that part of such section which precedes the first proviso—

(A) by striking out “2 cents” wherever appearing therein and inserting in lieu thereof “3 cents”;

(B) by striking out “1 cent” and inserting in lieu thereof “1½ cents”; and

(C) by striking out “1½ cents for each additional two ounces or fraction thereof” and inserting

1 in lieu thereof "1 cent for each additional ounce or
2 fraction thereof";

3 (2) in the first proviso contained in such section,
4 by striking out "\$10" and inserting in lieu thereof
5 "\$20";

6 (3) in the second proviso contained in such sec-
7 tion—

8 (A) by striking out "14 cents" and inserting
9 in lieu thereof "16 cents";

10 (B) by striking out "1 cent" wherever appear-
11 ing therein and inserting in lieu thereof "2 cents";
12 and

13 (C) by striking out "10 cents" and inserting
14 in lieu thereof "12 cents";

15 (4) by striking out the third proviso contained in
16 such section and inserting in lieu thereof "*Provided*
17 *further*, That the minimum charge per piece of 2 cents
18 specified in the foregoing proviso shall be increased to
19 2½ cents on July 1, 1959:"; and

20 (5) in the fourth proviso contained in such section,
21 by striking out "3 cents" and inserting in lieu thereof
22 "5 cents".

23 FOURTH-CLASS MAIL

24 SEC. 107. Sections 204 (d) and (e) of the Postal Rate
25 Revision and Federal Employees Salary Act of 1948 (62

1 Stat. 1262), as amended (39 U. S. C. 292a (d) and (e)),
2 are amended to read as follows:

3 “(d) The following materials when in parcels not ex-
4 ceeding seventy pounds in weight may be sent at the postage
5 rate of 10 cents for the first pound or fraction thereof and 5
6 cents for each additional pound or fraction thereof, and this
7 rate shall continue until otherwise provided by the Congress:
8 (1) books permanently bound for preservation consisting
9 wholly of reading matter or scholarly bibliography or reading
10 matter with incidental blank spaces for students’ notations
11 and containing no advertising matter other than incidental
12 announcements of books; (2) sixteen-millimeter films and
13 sixteen-millimeter film catalogs except when sent to com-
14 mercial theaters; (3) printed music whether in bound form
15 or in sheet form; (4) printed objective test materials and
16 accessories thereto used by or in behalf of educational institu-
17 tions in the testing of ability, aptitude, achievement, interests,
18 and other mental and personal qualities with or without
19 answers, test scores, or identifying information recorded
20 thereon in writing or by mark; and (5) manuscripts for
21 books, periodical articles, and music.

22 “(e) (1) The following materials when in parcels not
23 exceeding seventy pounds in weight when loaned or ex-
24 changed between (A) schools, colleges, or universities and
25 (B) public libraries, religious, educational, scientific, philan-

1 thropic, agricultural, labor, veterans, or fraternal organiza-
2 tions or associations not organized for profit and none of the
3 net income of which inures to the benefit of any private stock-
4 holder or individual, or between such organizations and their
5 members or readers or borrowers, shall be charged with post-
6 age at the rate of 4 cents for the first pound or fraction
7 thereof and 1 cent for each additional pound or fraction
8 thereof, except that the rates now or hereafter prescribed for
9 third- or fourth-class matter shall apply in every case where
10 such rate is lower than the rate prescribed in this subsection,
11 and this rate shall continue until otherwise provided by the
12 Congress: (i) books consisting wholly of reading matter or
13 scholarly bibliography or reading matter with incidental
14 blank spaces for students' notations and containing no adver-
15 tising matter other than incidental announcements of books;
16 (ii) printed music, whether in bound form or in sheet form;
17 (iii) bound volumes of academic theses in typewritten or
18 other duplicated form and bound volumes of periodicals; and
19 (iv) other library materials in printed, duplicated, or photo-
20 graphic form or in the form of unpublished manuscripts.

21 “(2) The rate provided in paragraph (1) for books
22 may apply to sixteen-millimeter films, filmstrips, transparen-
23 cies for projection and slides, microfilms, sound recordings,
24 and catalogs of such materials when sent in parcels not ex-
25 ceeding seventy pounds in weight to or from (A) schools,

1 colleges, or universities and (B) public libraries, religious,
 2 educational, scientific, philanthropic, agricultural, labor, vet-
 3 erans, or fraternal organizations or associations, not organized
 4 for profit and none of the net income of which inures to the
 5 benefit of any private stockholder or individual.

6 “(3) Public libraries, organizations, or associations,
 7 before being entitled to the rates specified in paragraphs
 8 (1) and (2) of this subsection, shall furnish to the Post-
 9 master General, under such regulations as he may prescribe,
 10 satisfactory evidence that none of their net income inures to
 11 the benefit of any private stockholder or individual.”

12 DETERMINATION OF CLASS OF POST OFFICE AND COMPEN-
 13 SATION OF POSTMASTER AND CERTAIN EMPLOYEES

14 SEC. 408. On and after January 1, 1958, 80 per centum
 15 of the gross postal receipts of all classes of post offices shall
 16 be counted for the purpose of determining the class of the
 17 post office or the compensation or allowances of postmas-
 18 ters or other employees whose compensation or allowances
 19 are based on the annual receipts of such offices. Nothing
 20 contained in this section shall operate to decrease the com-
 21 pensation or allowances in effect immediately prior to Jan-
 22 uary 1, 1958, for postmasters and other employees in the
 23 postal field service on such date whose compensation or al-
 24 lowances are based on the annual receipts of such offices.

1 *SEC. 108. Eighty-two per centum of the gross postal*
2 *receipts of all classes of post offices accruing on or after*
3 *the effective date of the rate of postage prescribed by section*
4 *102 (a) of this Act shall be counted for the purpose of*
5 *determining the classes of the respective post offices and the*
6 *compensation and allowances of postmasters and other em-*
7 *ployees whose compensation or allowances are based on the*
8 *annual gross receipts of such post offices. Nothing contained*
9 *in this section shall operate to relegate a post office to a class*
10 *or receipts category below the class or receipts category to*
11 *which such post office may be assigned on the basis of gross*
12 *postal receipts accruing during the last complete calendar*
13 *year prior to the effective date of the rate of postage pre-*
14 *scribed by section 102 (a) of this Act or, in the case of a*
15 *newly established post office, on the basis of gross postal re-*
16 *ceipts accruing during the last full quarter prior to the*
17 *effective date of the rate of postage prescribed by such section*
18 *102 (a).*

19

REPEALS

20

21 **SEC. 109.** The last sentence of section 4 (a) of the Civil
22 Service Retirement Act as contained in the Civil Service Re-
23 tirement Act Amendments of 1956 (70 Stat. 747) is
24 hereby repealed, and hereafter the amounts contributed by
25 the Post Office Department to the civil service retirement
and disability fund in compliance with such section 4 (a) of

1 the Civil Service Retirement Act shall be considered as costs
2 of providing postal service for the purpose of establishing
3 postal rates.

4 CONDITIONS PRECEDENT TO WITHDRAWAL FROM GENERAL
5 FUND OF TREASURY

6 SEC. 110. That part of the paragraph under the heading
7 "General Provisions" under the appropriations for the Post
8 Office Department contained in chapter IV of the Supple-
9 mental Appropriation Act, 1951 (64 Stat. 1050; 31 U. S.
10 C. 695), which precedes the proviso is amended by striking
11 out "the receipt of revenue from fourth-class mail service
12 sufficient to pay the cost of such service" and inserting in
13 lieu thereof "(1) that the revenues from fourth-class mail
14 service will not exceed by more than $\frac{3}{4}$ per centum the
15 costs thereof, or ~~(2)~~ that the costs of such fourth-class mail
16 service will not exceed by more than $\frac{3}{4}$ per centum *1 per*
17 *centum the costs thereof and (2) that the costs of such*
18 *fourth-class mail service will not exceed by more than 1 per*
19 *centum the revenues therefrom*".

20 EFFECTIVE DATES

21 SEC. 111. (a) The rates of postage prescribed by this
22 title, except those prescribed in section 104 (a), shall be-
23 come effective on July 1, 1957.

24 (b) The rates of postage prescribed by section 104 (a)

1 of this title shall become effective as provided in such section
2 104 (a).

3 (c) The fee prescribed by section 106 (2) of this title
4 shall become effective on January 1, 1958.

5 (d) Section 109 of this title shall become effective as of
6 the effective date of the Civil Service Retirement Act
7 Amendments of 1956.

8 TITLE II—POSTAL RATE POLICY

9 SHORT TITLE

10 SEC. 201. This title may be cited as the "Postal Rate
11 Policy Act".

12 FINDINGS

13 SEC. 202. The Congress hereby finds that—

14 (1) the postal establishment was created to unite
15 more closely the American people, to promote the gen-
16 eral welfare, and to advance the national economy;

17 (2) the postal establishment has been extended
18 and enlarged through the years into a nationwide net-
19 work of services and facilities for the communication
20 of intelligence, the dissemination of information, the
21 advancement of education and culture, and the distribu-
22 tion of articles of commerce and industry;

23 (3) the development and expansion of these
24 several elements of postal service, under authorization
25 by the Congress, have been the impelling force in the

1 origin and growth of many and varied business, com-
2 mercial, and industrial enterprises which contribute
3 materially to the national economy and the public wel-
4 fare and which depend upon the continuance of these
5 elements of postal service;

6 (4) historically and as a matter of public policy
7 there have evolved, in the operations of the postal
8 establishment authorized by the Congress, certain
9 recognized and accepted relationships among the several
10 classes of mail. It is clear also, from the continued
11 expansion of the postal service and the authorization of
12 certain services rendered or facilities provided at a
13 calculated loss to the Government, that the postal estab-
14 lishment performs some functions in which the public
15 interest outweighs the profit and loss factors which
16 would prevail if the postal establishment were operated
17 solely as a business enterprise;

18 (5) the postal establishment should be operated
19 in a businesslike manner but clearly is not a commercial
20 enterprise conducted for profit and it would be an unfair
21 burden upon users of the mails to compel them to under-
22 write those expenses incurred by the postal establish-
23 ment which are not related to the postal services they
24 receive;

25 (6) Notwithstanding the need for all users of the

1 mails to be informed with reasonable certainty of the
2 postal rates and fees which will be imposed upon them,
3 the Congress heretofore has not laid down a firm policy
4 (except for fourth-class mail and certain special services
5 authorized by law) with respect to the identification
6 and evaluation of those services rendered by the postal
7 establishment in whole or in part for the benefit of
8 the general public and those services which inure in
9 whole or in part to the benefit of certain users of the
10 mails; and

11 (7) the public interest and the increasing com-
12 plexity of the social and economic fabric of the Nation
13 require an immediate, clear, and affirmative declaration
14 of congressional policy for the creation and maintenance
15 of a sound and equitable postal-rate structure which will
16 assure efficient service, produce adequate postal revenues,
17 and stand the test of time.

18 DECLARATION OF POLICY

19 SEC. 203. (a) The Congress hereby emphasizes, re-
20 affirms, and restates its function under the Constitution of
21 the United States of forming postal policy.

22 (b) It is hereby declared to be the policy of the Con-
23 gress, as set forth in this title—

24 (1) to provide a more stable basis for the postal-
25 rate structure through the establishment of general

1 principles, standards, and related requirements with
2 respect to the determination and allocation of postal
3 revenues and expenses; and

4 (2) in accordance with these general principles,
5 standards, and related requirements, to provide a means
6 by which the postal-rate structure may be fixed and
7 adjusted by action of the Congress, from time to time,
8 as the public interest may require, in the light of
9 periodic reviews of the postal-rate structure, periodic
10 studies and surveys of expenses and revenues, and peri-
11 odic reports and recommendations, required to be made
12 by the Postmaster General as provided by section 206
13 of this title, on the basis of the cost ascertainment
14 system.

15 (c) The general principles, standards, and related re-
16 quirements referred to in subsection (b) of this section are
17 as follows:

18 (1) In the determination and adjustment of the
19 postal-rate structure, due consideration should be given
20 to—

21 (A) the preservation of the inherent advan-
22 tages of the postal service in the promotion of social,
23 cultural, intellectual, and commercial intercourse
24 among the people of the United States,

25 (B) the development and maintenance of a

1 postal service adapted to the present needs, and
2 adaptable to the future needs, of the people of the
3 United States,

4 (C) the promotion of adequate, economical,
5 and efficient postal service at reasonable and equi-
6 table rates and fees,

7 (D) the effect of postal services and the im-
8 pact of postal rates and fees on users of the mails,

9 (E) the requirements of the postal establish-
10 ment with respect to the manner and form of prepa-
11 ration and presentation of mailings by the users of
12 the various classes of mail service,

13 (F) the value of mail,

14 (G) the value of time of delivery of mail, and

15 (H) the quality and character of the service
16 rendered in terms of priority, secrecy, security,
17 speed of transmission, use of facilities and man-
18 power, and other pertinent service factors.

19 (2) The acceptance, transportation, and delivery of
20 first-class mail constitutes a preferred service of the
21 postal establishment and, therefore, the postage for first-
22 class mail should be sufficient to cover (A) the entire
23 amount of the expenses allocated to first-class mail in
24 the manner provided by this title and (B) an additional
25 amount representing the fair value of all extraordinary

1 and preferential services, facilities, and factors relating
2 thereto.

3 (3) Those services, elements of service, and facili-
4 ties rendered and provided by the postal establishment
5 in accordance with law, including services having public
6 service aspects, which, in whole or in part, are held
7 and considered by the Congress from time to time to be
8 public services for the purposes of this title shall be
9 administered on the following basis:

10 (A) the sum of such public service items
11 should be assumed directly by the Federal Govern-
12 ment and paid directly out of the general fund of
13 the Treasury and should not constitute direct charges
14 in the form of rates and fees upon any user or
15 class of users of such public services, or of the mails
16 generally, and

17 (B) nothing contained in any provision of this
18 title should be construed as indicating any intention
19 on the part of the Congress (i) that such public
20 services, or any of them, should be limited or re-
21 stricted or (ii) to derogate in any way from the
22 need and desirability thereof in the public interest.

23 (4) For the purpose of the determination and ad-
24 justment of the postal-rate structure in the manner pro-
25 vided by this title and by section 207 of the Act of

1 February 28, 1925, as amended (39 U. S. C., sec.
2 247), and section 12 of the Act of October 30, 1951
3 (39 U. S. C., sec. 246f), the postal rates shall be ad-
4 justed from time to time so that the total amount of the
5 adjusted revenues shall be approximately equivalent to
6 the total amount of the expenses, both as determined in
7 the manner provided by this title.

8 AUTHORIZATION OF APPROPRIATED FUNDS

9 SEC. 204. There is hereby authorized to be appropriated
10 to the revenues of the Post Office Department for each fiscal
11 year from any money in the Treasury not otherwise appro-
12 priated an amount equal to the sum of the public service
13 items referred to in section 203 (c) (3). Such appropria-
14 tions shall be available to enable the Postmaster General to
15 pay in to postal revenues at quarterly or other intervals such
16 amounts as he shall determine to be necessary to reimburse
17 the Post Office Department for such expenses and losses of
18 revenue.

19 APPLICATION OF COST ASCERTAINMENT SYSTEM

20 SEC. 205. (a) For the purposes of this title, revenues
21 and expenses shall be determined and ascertained, and each
22 allocation and apportionment with respect thereto shall be
23 made, upon the basis of the cost ascertainment system, to the
24 extent not otherwise indicated in this title.

25 (b) Nothing in this title shall be construed to affect

1 the cost ascertainment system or any authority, power, duty,
2 or procedure of the Postmaster General or of the postal
3 establishment generally, except to the extent necessary to
4 carry out this title.

5 REVIEWS, STUDIES, SURVEYS, REPORTS, AND RECOM-
6 MENDATIONS OF POSTMASTER GENERAL

7 SEC. 206. (a) The Postmaster General is authorized
8 and directed to initiate and conduct, through the facilities
9 of the postal establishment, either on a continuing basis or
10 from time to time, as he deems advisable, but not less often
11 than every two years, a review of the postal-rate structure
12 and a study and survey of the expenses incurred and the
13 revenues received in connection with the several classes of
14 mail, and the various classes and kinds of services and facili-
15 ties provided by the postal establishment, in order to de-
16 termine, on the basis of such review, study, and survey for
17 each class and kind of service or facility provided by the
18 postal establishment, the need for adjustment of postal rates
19 and fees in the manner provided by this title.

20 (b) The Postmaster General shall submit to the Senate
21 and the House of Representatives not later than April 15
22 of each alternate fiscal year, beginning with the fiscal year
23 ending June 30, 1959, a report of the results of the review,
24 study, and survey conducted pursuant to subsection (a) of
25 this section. Such report shall include—

(1) information with respect to expenses and revenues which is pertinent to the allocation of expenses and the determination and adjustment of postal rates and fees in the manner provided by this title,

(2) such other information as is necessary to enable the Congress, or as may be required by the Congress or an appropriate committee thereof, to carry out the purposes of this title, and

(3) such recommendations as the Postmaster General deems appropriate.

CONGRESSIONAL ACTION PREREQUISITE TO ADJUSTMENTS IN POSTAGE RATES AND FEES

SEC. 207. Except as otherwise provided by law, nothing in this title shall be construed to authorize any change, adjustment, or revision with respect to any postal rate or fee, except by further action of the Congress.

DEFINITIONS

SEC. 208. (a) For the purposes of this title, the term—

(1) “cost ascertainment system” means the cost ascertainment system (including the principles and standards thereof) utilized by the Post Office Department (39 U. S. C., sec. 826) for the ascertainment and allocation of expenses and revenues of the postal service, as in effect from time to time, to the extent consistent with this title;

1 (2) “revenues” and “costs”, whether applied to the
2 total postal operation or to the mail classes or services,
3 shall have the same meaning as when used in the Cost
4 Ascertainment Report, and the terms “costs” and “ex-
5 penses” shall be synonymous; and

6 (3) “adjusted revenues”, whether applied to the
7 total postal operations or to the mail classes and services,
8 shall mean the revenues, increased by the sums author-
9 ized under section 204 to be appropriated to the Post
10 Office Department for the public service items referred
11 to in section 203 (c) (3).

12 (b) Whenever reference is made in this title, or in any
13 other law or regulation in connection with this title, to any
14 of the several classes of mail and services, such reference
15 shall have the same meaning as when used in the Cost Ascer-
16 tainment Report, except that first-class mail shall include
17 domestic air mail other than air parcel post.

85TH CONGRESS
1ST Session

H. R. 5836

[Report No. 524]

A BILL

To readjust postal rates and to establish a congressional policy for the determination of postal rates, and for other purposes.

By Mr. MURRAY

MARCH 11, 1957

Referred to the Committee on Post Office and Civil Service

JUNE 3, 1957

Reported with amendments, committed to the Committee of the Whole House on the State of the Union, and ordered to be printed

Digest of CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF BUDGET AND FINANCE
(For Department Staff Only)

Issued June 11, 1957
For actions of June 10, 1957
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HOUSE

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2. FLOOD CONTROL. Rep. Edmondson spoke in favor of a "balanced flood control program" developed and carried out jointly by the Army engineers, SCS, and the Bureau of Reclamation, and inserted a newspaper editorial in support of this approach to the flood control problem. pp. 7787-88
3. FLOOD INSURANCE. Rep. Sadlak spoke in favor of additional appropriations to institute the Federal flood insurance program. pp. 7797-98
4. FISCAL POLICIES. Rep. Patman criticized the fiscal policies of the Administration. pp. 7795-97
5. FARM PROGRAM. Rep. Natcher reviewed the development and importance of agriculture and farm life in the U. S. pp. 7798-99
6. POSTAL RATES. The Post Office and Civil Service Committee submitted a minority report on H.R. 5836, to readjust postal rates and to establish a congressional policy for the determination of postal rates (H. R.pt. 524). p. 7800

7. PUBLIC LANDS. The Interior and Insular Affairs Committee reported without amendment H.R. 4635, to provide for the settlement and entry of public lands in Alaska containing coal, oil, or gas under Sec. 10 of the act of May 14, 1898 (H. Rept. 546). p. 7800
8. STATEHOOD. Received an Alaska American Legion resolution favoring statehood for Alaska. p. 7802
9. RECLAMATION. An Interior and Insular Affairs subcommittee ordered reported with amendment to the full Committee S. 1482, to amend the Columbia Basin Project Act to increase the limitation on the acreage one family might have of irrigated land, and S. J. Res. 39, to authorize the construction of certain water conservation projects to provide for a more adequate supply of water for irrigation purposes in the Pecos River Basin, N. Mex. and Tex. p. D509

SENATE

10. APPROPRIATIONS. The Appropriations Committee reported (June 7) with amendments the following bills:
 - H.R. 6070, the independent offices appropriation bill for 1958 (S. Rept. 414);
 - H.R. 7441, the agricultural appropriation bill for 1958 (S. Rept. 415); and
 - H.R. 6287, the Labor-Health, Education, and Welfare appropriation bill for 1958 (S. Rept. 416).Sen. Russell submitted a notice of a motion to suspend the rules to allow an amendment to the agricultural appropriation bill extending to the Foreign Agricultural Service certain administrative provisions of the Foreign Service Act (under current law such provisions for FAS expire June 30, 1957).
Sen. Mundt submitted and discussed with Sen. Russell an amendment to strike from the bill language inserted by the Appropriations Committee which would reduce the average annual payment for conservation reserve land to \$7.50 per acre. pp. 7663-4
Sen. O'Mahoney submitted an amendment to H.R. 7665, the Defense Department appropriation bill for 1958, requiring the services to unify their procurement under the Secretary of Defense. pp. 7689-91
H.R. 6500, the D.C. appropriation bill for 1958, was made the unfinished business. p. 7691
11. FOREIGN AID. The Foreign Relations Committee reported (June 7) with amendment S. 2130, the mutual security authorization bill (S. Rept. 417). p. 7641
Sen. Green urged that attention be paid to the mutual security bill report and hearings, and pointed out that only 11 working days had passed since the President submitted his proposals. p. 7661
Sen. O'Mahoney submitted and discussed an amendment to the mutual security bill to require Government agencies responsible for foreign aid programs to keep certain Congressional committees informed. pp. 7666-7
12. FOREST SERVICE. Received from the Comptroller General an audit report on the Forest Service, 1955-56. p. 7642
13. FOOD DISTRIBUTION. Agreed to print as S. Doc. 43, the report of the Subcommittee on the problems of hungry children in D. C. pp. 7649-50
14. EDUCATIONAL EXCHANGE. Received a report from the Secretary of State on the international educational exchange program, Jan.-June 1956. p. 7642

POSTAL RATE READJUSTMENT AND POLICY

JUNE 10, 1957.—Committed to the Committee of the Whole House on the State of the Union and ordered to be printed

Mrs. PFOST, from the Committee on Post Office and Civil Service, submitted the following

ADDITIONAL MINORITY VIEWS

[To accompany H. R. 5836]

We, the undersigned members of the committee, are filing these additional minority views on H. R. 5836 because our names were left off—in error—from the statement of minority views already filed. We concur in these views, but we want to make unmistakably clear our opposition to the postage rate bill in the form reported by the House Post Office and Civil Service Committee.

It is estimated that H. R. 5836 will increase postal revenues by \$527 million annually. Nearly 70 percent of this amount—or \$365 million—will come from first-class mail or airmail.

A TAX ON THE PEOPLE

We are primarily opposed to the bill because, by increasing postage rates on first-class mail to 4 cents and airmail to 7 cents, it has the effect of placing a direct and heavier tax on the people at a time when they are already bearing an almost unsupportable tax burden.

These two classes of mail not only paid their own way last year, while other classes showed heavy losses, but first-class and package mail made a profit for the Post Office Department of \$35 million and airmail showed a profit of \$23 million. The Postmaster General's sleight of hand, in attempting to shift losses in second- and third-class mail on the basis of intangible factors, did not work.

This bill saddles first class and airmail, which are already showing a profit, with stiff new increases—33½ percent in the case of first-class mail—in order that they may show an even greater profit, and assume an even greater share than they are now carrying of the subsidy on second- and third-class mail.

This is patently unfair to the individual citizen. First class and airmail are the media through which he conducts his business and personal correspondence.

A SERVICE OR A BUSINESS?

In our opinion, this legislation makes a radical change in the traditional concept of the postal establishment as a public service, without first allowing time for full consideration as to whether this change is in the best interests of the people.

Before such a step is taken, these fundamental questions should be answered: (1) What is the value of the public service functions of the Post Office budget; (2) what classes of mail should pay their own way, and what classes, if any, should be subsidized by other classes of mail; and (3) what classes of mail should be paid for out of the general funds of the Treasury?

This bill makes some of these decisions—as a byproduct. It resolves the basic question as to whether the postal establishment should be a business or a service in favor of business. It substitutes a profit-and-loss philosophy for the public-service philosophy which has been accepted as the basic policy of the Department down through the years.

PUBLIC WELFARE SERVICE

There is no question but that many of the services of the Post Office Department cannot—and should not—be put on a paying basis. They are part of the general welfare program of this Government for its people. These public services are responsible for about \$400 million of the Post Office Department deficit.

One of them is the special rate for weekly newspapers. It was never intended that these chronicles of grassroots events and thinking—footprints of democracy often operated on a shoestring—should pay their own way.

The same is true of rural delivery. If the mail service in rural sections were ever put entirely on a cold dollars-and-cents basis, thousands of citizens would be denied its privileges.

The business which flows in and out of many of our third- and fourth-class post offices does not equal the expense of keeping them in operation—but we do. We give free mailing privileges to our blind veterans, and preferred rates to certain exempt publications including religious groups. The Post Office is intrinsically a public-service agency.

POST OFFICE DEPARTMENT SET APART

This legislation sets the Post Office Department apart from other government agencies by changing its public-service functions over to a moneymaking basis.

Though many other Federal agencies have substantial revenues—not as heavy, it is conceded, as the Post Office—these agencies have not brought pressure to bear on the Congress to put them on a paying basis. Nor have they proposed that a citizen who uses one of their services pay more for it so that a citizen who uses another of their services can have it for less.

POSTAL SALARIES AND POSTAL REVENUE

We object very strongly to the assumption in this bill that the salaries of postal employees should be governed by the extent of postal revenues. Each postal worker should be paid what he is worth, and the size of his paycheck should not be related in any way to whether the Department is operating in the red—or the black.

We also object to the fact that this bill ties the retirement pay of postal workers into postage costs. Congress has already declared its policy to be that retirement benefits shall not be considered in estimating Post Office operating costs as a basis for setting postage rates.

To repeal the section of the Civil Service Act which sets this policy is unfair both to the postal worker—whose retirement should not be made subject to specific taxes on the public—and to the users of the mails, who should not be specifically taxed to pay the retirement costs of postal employees.

THE CASE FOR THE SMALL PUBLISHER

No separate schedule for second-class rates is proposed in this bill for the small publisher. We feel this is entirely unrealistic. Publishers whose circulation runs into the hundreds of thousands can absorb the proposed rate increases much more easily than the small publisher who has a limited circulation and who is operating on a much closer margin. We advocate a system of graduated rates based on mail circulation.

HOW LARGE IS THE DEFICIT?

In presenting its case for higher postage rates, the Department made an effort to adjust costs for certain intangibles such as priority of handling, value of service, and value of products. These adjustments were made on an arbitrary basis—indicating that this type of costs can be adjusted to prove almost any case.

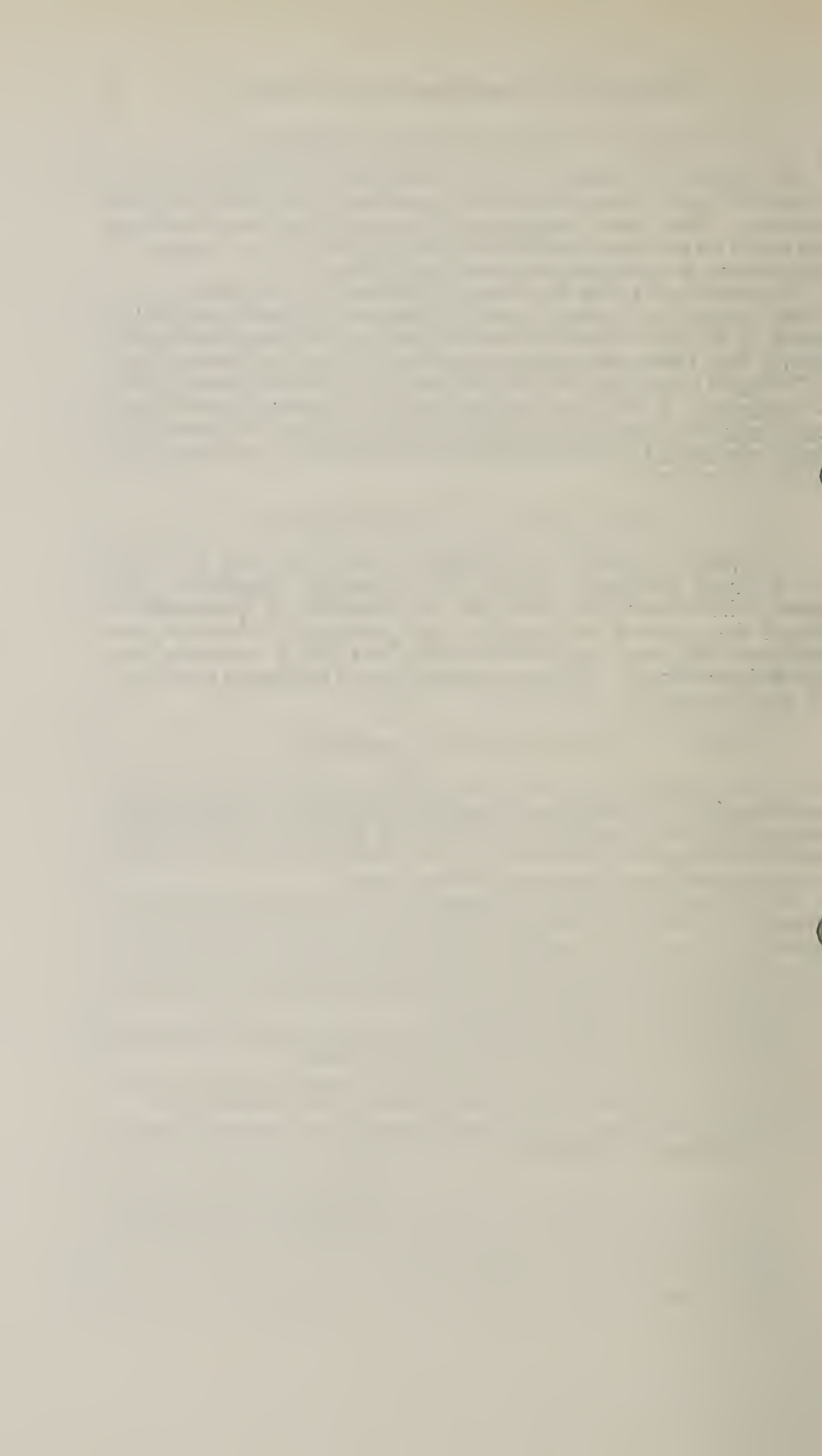
For this reason, and because we are convinced of the public-service character of the Post Office Department, we question whether it is possible to accurately compute the size of the annual Post Office deficit. In our opinion, the \$400 million of Post Office deficit spending for welfare services should be charged to the general funds of the Treasury, and not to the Post Office Department.

Should we not, therefore, be tailoring a bill to meet a \$200 million annual deficit, rather than a deficit of \$600 million?

Figures and charts to illustrate some of the points we have made in this statement can be found in the minority views already filed.

We join with those members who signed the minority views in recommending the recommittal of H. R. 5836.

GRACIE FROST.
KATHRYN E. GRANAHAN.
ALFRED E. SANTANGELO.



House

August 13, 1957

16. PERSONNEL. Received from GSA a proposed bill to amend the Federal Property and Administrative Services Act of 1949 so as "to provide for training of employees"; to Government Operations Committee. p. 13283
Rep. Davis, Ga., called for a reduction in the number of Federal employees and a greater utilization of manpower. p. 13223
17. MILITARY CONSTRUCTION. Conferees were appointed on H.R. 8240, to authorize certain construction at military installations, including the use of foreign currencies acquired under Public Law 480 for the construction of military family housing units in foreign countries (p. 13227). Senate conferees have been appointed.
18. INFORMATION. A further conference was requested with the Senate on H.R. 4813, to extend the life of the D. C. Auditorium Commission. p. 13227
19. HOUSING. Agreed to the Senate amendments, with an amendment, to H.R. 4602, to encourage new residential construction for veterans' housing in rural areas and small cities and towns. pp. 13227-28
20. POSTAL RATES. Passed, with amendments, 256 to 129, H.R. 5836, to increase postal rates. pp. 13237-72
21. DROUGHT RELIEF. Rep. Rogers inserted several letters urging drought relief for Mass.. pp. 13272-73
22. INFLATION. Rep. Vursell urged that action be taken to curb inflation. pp. 13274-75

ITEMS IN APPENDIX

23. FARM PROGRAM. Sen. Neuberger inserted a letter from the Ore. Director of Agriculture discussing marketing problems, and a statement by an onion farmer before the Senate Subcommittee holding hearings on onion futures trading. pp. A6571-2
Extension of remarks of Rep. Judd on a questionnaire answered by his constituents showing their concern over the budget and with 78% opposing any greater financial assistance to farmers. pp. A6595-7
Rep. Moulder inserted the summary of a questionnaire to his constituents, in which 67% favored a balanced budget over tax cuts, 61% opposed the soil bank program, 52% did not favor the "Eisenhower administration" of the program, and 52% opposed the foreign aid program. p. A6605
24. GRAIN SORGHUM. Rep. Rogers, Tex., inserted a statement by the Grain Sorghum Producers Ass'n to the recent meeting of commodity groups, urging equal-level price supports, soil banking of "cultivated acres" by value of the land instead of type of crops, treating of all feed grains alike, and a limitation of planting to 85% of the total cultivated acreage. pp. A6610-11
25. COTTON. Rep. Elliott inserted an editorial, "The Cotton Problem," quoting the Life magazine editorial on the farm problem and stating, "The Tribune is for subsidizing the small cotton farmer. . ." p. A6619
26. SURPLUS FOODS. Sen. Wiley inserted a speech by Sen. Humphrey to the board of directors of CARE in which he pointed to the uses of surplus production of foods, urged a greater use of these surpluses, and stated that foreign officials knew more about Public Law 480 than our ambassadors, because of the vital importance of the program to them. pp. A6566-70

27. RICE; FISH. Sen. Fulbright inserted an article "Fish Can Prepare Seedbed, England Rice Farmer Finds," stating that fish often do a better job than plows and disks in preparing rice seedbeds for sowing. p. A6566
28. WATER RESOURCES. Sen. Johnson inserted an editorial supporting his program for water resource development in Texas. p. A6561
29. DROUGHT RELIEF. Sen. Yarborough inserted his remarks before the Appropriations Committee on the problems created in Texas by the long continued drought. pp. A6564-5
30. ROADS. Sen. Bush inserted an editorial urging action on the billboard bill. p. A6570
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Sen. Humphrey inserted an article, "How to Wreck a Road," urging/positive program of roadside protection planning. pp. A6576-7
31. STATEHOOD. Del. Burns inserted 5 editorials favoring statehood for Alaska and Hawaii. pp. A6575-6
32. FEDERAL AID. Rep. Lane inserted an article, "Unfair Drain," opposing federal aid on the grounds that Mass. pays much more in taxes than it received in benefits. pp. A6577-8
33. BUDGETING. Rep. Cannon inserted a letter from 38 members of the House Appropriations Committee opposing enactment of H.R. 8002, the accrued expenditures bill, on the ground that needed contract authorities would be far more delusive than the present system. p. A6580
34. RECLAMATION. Rep. Aspinall inserted a paper by the Chief, Economics and Statistics Div. of Irrigation, Bureau of Reclamation, defending irrigated lands from charges that they contribute to surplus problems, and declaring that irrigated cotton was the largest problem, producing 5% of the total supply. pp. A6581-3
Extension of remarks of Rep. Miller, Nebr., opposing deletion of the sums budgeted for the Ainsworth and Farwell Irrigation Districts, Nebr.. pp. A6620-1
35. ELECTRIFICATION; PERSONNEL. Rep. Alger inserted his weekly newsletter, in which he criticized additional appropriation for TVA and declared he opposed an 11% pay raise while supporting a 7½% increase. pp. A6585-6
36. T.V.A. Rep. Baker inserted an editorial, "TVA Area Could be Blighted if Action to Finance Power Production Should Be Much More Delayed by Congress." p. A6586
37. NOMINATIONS. Extension of remarks of Rep. Dingell opposing the nomination of Jerome K. Kuykendall to the Federal Power Commission and inserting a letter from five Representatives opposing the nomination. pp. A6599-A6601
38. ATOMIC ENERGY. Rep. Meader inserted an editorial opposing what it termed effort to "put the Government headlong into the atomic energy development field." p. A6601
Rep. Meader inserted an editorial stating that opposition to the proposed Monroe, Mich., private firm power reactor, stemmed from Federal power advocate who wanted Federal development of atomic energy power. p. A6604

For them I wish to voice their gratitude for the understanding and cooperation all along the line that their problem has received from this first session of the 85th Congress.

DISPOSAL OF FEDERALLY OWNED PROPERTY AT OBSOLESCENT CANALIZED WATERWAYS

The SPEAKER. The Chair recognizes the gentleman from Maryland [Mr. FALLON].

Mr. FALLON. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (S. 1520) to amend an act entitled "An act to provide for the disposal of federally owned property at obsolescent canalized waterways and for other purposes," with a House amendment thereto, insist on the amendment of the House and agree to the conference requested by the Senate.

The Clerk read the title of the bill.

Mr. MARTIN. Mr. Speaker, reserving the right to object, has the gentleman taken this up with the ranking minority member of the committee?

Mr. FALLON. Yes. He is in Ohio today.

Mr. MARTIN. Mr. Speaker, I withdraw my reservation of objection.

The SPEAKER. Is there objection to the request of the gentleman from Maryland? [After a pause.] The Chair hears none and appoints the following conferees: Messrs. BLATNIK, FALLON, DAVIS of Tennessee, MACK of Washington, and SCUDDER.

POSTAL RATE READJUSTMENT AND POLICY

The SPEAKER. The gentleman from Texas [Mr. THORNBERRY] is recognized.

Mr. THORNBERRY. Mr. Speaker, by direction of the Committee on Rules, I call the resolution (H. Res. 394) providing for the consideration of H. R. 5836, a bill to readjust postal rates and to establish a congressional policy for the determination of postal rates, and for other purposes, and ask for its immediate consideration.

The Clerk read the resolution, as follows:

Resolved, That upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H. R. 5836) to readjust postal rates and to establish a congressional policy for the determination of postal rates, and for other purposes. After general debate which shall be confined to the bill and continue not to exceed 2 hours, to be equally divided and controlled by the chairman and ranking minority member of the Committee on Post Office and Civil Service, the bill shall be read for amendment under the 5-minute rule. At the conclusion of the consideration of the bill for amendment, the Committee shall rise and report the bill to the House with such amendments as may have been adopted, and the previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit.

Mr. THORNBERRY. Mr. Speaker, House Resolution 394 makes in order the

consideration of H. R. 5836, the postal rate readjustment and policy bill. The resolution provides for an open rule and 2 hours of general debate on the bill.

This bill is similar to the bill, H. R. 11380, which passed the House during the last Congress.

As pointed out in the report of the House Committee on Post Office and Civil Service, "the Congress is faced with a most urgent decision in this question of postal rate increased."

Many of us have been concerned with the fact that the President's budget of 71.8 billion was excessive and have made effective efforts to reduce it substantially. Yet I must point out that the President's budget, even as high as it was, anticipated the passage of some postal rate increase legislation. In fact, this huge budget will be increased by over half a billion dollars unless this legislation is passed.

This legislation proposes an increase in postal revenues by about \$527.5 million. Therefore, you can see that this bill is just as important a part of the fiscal program of the Government as any cuts of a comparable amount which we have made in the President's budget during this session of Congress.

The House Committee on Post Office and Civil Service in its report states that—

Unless the Congress enacts rate increases now, the deficit in the next fiscal year will be at least \$651 million, and goes on to call our attention to the rather sobering fact that if postal costs and revenues maintain a continuing relationship over the next few years, the annual deficit will be more than \$1 billion.

It is our responsibility to deal with this staggering problem. I realize that it is not an easy one but we cannot in the interest of the taxpayers ignore it.

There are those of us who would prefer that the increases in each category be made on a more proportionate basis. This is an open rule and permits germane amendments at any point, and the opportunity is presented for us to change each of the increases as our wisdom tells us is proper and wise for the people we try to serve.

In order that the House may consider, discuss and amend this bill on its merits, I urge adoption of this resolution so that the House may proceed to the consideration of H. R. 5836 for which ample time has been provided.

Mr. Speaker, I yield 30 minutes of my time to the gentleman from Ohio [Mr. BROWN] and at this time I yield myself such time as I may use.

Mr. Speaker, as a reading of the rule will indicate, this resolution makes in order consideration of the bill, H. R. 5836, which is a bill to readjust postal rates and to establish a congressional policy for the determination of postal rates. The resolution provides for 2 hours of general debate. This bill, H. R. 5836, is similar to a bill which the House passed last year.

Mr. Speaker, I have no further requests for time on this side.

Mr. BROWN of Ohio. Mr. Speaker, I yield myself such time as I may use.

Mr. Speaker, the gentleman from Texas has ably described the purpose of House Resolution 394, which makes in order the consideration of the bill, H. R. 5836, a bill to increase postal rates and charges.

I have no further requests for time on this side.

Mr. THORNBERRY. Mr. Speaker, I move the previous question.

The previous question was ordered.

The SPEAKER. The question is on the resolution.

The resolution was agreed to.

Mr. MURRAY. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H. R. 5836) to readjust postal rates and to establish a congressional policy for the determination of postal rates, and for other purposes.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the State of the Union for the consideration of the bill, H. R. 5836, with Mr. HERLONG in the chair.

The Clerk read the title of the bill.

By unanimous consent, the first reading of the bill was dispensed with.

Mr. MURRAY. Mr. Chairman, I yield myself such time as I may desire.

(Mr. MURRAY asked and was given permission to revise and extend his remarks.)

Mr. MURRAY. Mr. Chairman, the Members of the House today face a most urgent decision on the question of adjustments in postal rates if we are to avoid an increase of more than \$650 million in the record peacetime budget of \$71.8 billion.

Never has any legislation before your Committee on Post Office and Civil Service received more careful, deliberate, or extended consideration than the recurring problem of our tremendous postal deficit and the establishment of postal rates which will provide revenues adequate to maintain efficient postal service and a reasonable relationship between postal incomes and postal expenses.

Your Post Office and Civil Service Committee has held 21 days of hearings on this legislation, H. R. 5836, a bill to readjust postal rates, in this Congress. We heard 114 witnesses, including representatives of all major groups of mail users, members of the President's Cabinet, many Members of Congress, and other authorities on postal and budgetary matters. Every witness acknowledged the need for increases in the postal rates, although many users felt that the increases should be applied to anyone but themselves. The committee in the last Congress gave extended consideration to a similar postal rate bill which the House of Representatives passed by a substantial majority.

The results of our committee deliberations are set forth in the committee report. I believe this report clearly demonstrates the urgent need, and convincingly points up the complete justification, for the increases recommended in first-, second-, and third-class mail rates.

I introduced this bill on the basis of the proposal of the Postmaster General in a letter to the Speaker of the House of Representatives dated March 7, 1957. The reported bill is identical to the Postmaster General's proposal, with the exception of three minor revisions made by the amendments in the reported bill which do not relate to the proposed rate adjustments.

This bill as reported would increase postal revenues by \$462 million for the first year and by \$527 million each year after all of the increases are in effect. This first year revenue increase however, is based on an effective date of July 1, 1957, and will be reduced to \$360 million because of the necessity to change the effective date to October 1, 1957. Without the \$462 million increase, the postal deficit for the current fiscal year is estimated to be \$651 million.

This bill is the same, except in 3 respects, as the postal rate adjustment bill approved by a majority of 52 votes by the House last year. First, it increases the rates on postcards and postal cards from 2 cents to 3 cents. Second, it increases second-class pound rates on that portion of publications sent outside the county of publication by 60 percent, in 4 equal 15-percent increments, applied to both reading and advertising matter, compared to a 30-percent increase on reading matter and 120-percent increase on advertising matter in 5 increments under last year's bill. And it increases the minimum piece rate on bulk third-class mailings in 2 increments, to 2 cents on the effective date and to 2.5 cents July 1, 1959, compared to the single increase to 2 cents in last year's bill.

A deficit of approximately \$5 billion, representing the difference between revenues and costs, has accumulated in postal operations over the last 10 years. This is primarily due to increased labor, transportation, and other costs without corresponding increases in postal rates. This deficit has a direct relationship to the overall budget. If this Congress fails to act on a postal rate increase bill, the result will be an increase in the net amount that the Congress must appropriate in the fiscal year 1958. In other words, this failure to act would negate a large segment of the reductions made by the Congress in the \$71.8 billion budget.

This bill is a nonpartisan, nonpolitical measure which is in the best interest of our country and will go a long way toward eliminating the huge annual deficit of the postal service. As an indication of its nonpartisan nature, former Postmasters General James A. Farley and Jesse M. Donaldson both testified in favor of the increases in 1956 and submitted statements this year recommending the postal rate adjustments contained in this bill.

The heart of this bill is the 1-cent increase on first-class letter mail. This increase will return \$315 million a year in increased revenues. If the first-class letter rate is left at 3 cents, it would not be equitable to raise postal cards to 3 cents, individual mailings of third-class to 3 cents, or bulk mailings of third-class to 2½ cents. These raises represent

most of the increased revenues remaining in the bill.

Postal rates should be increased at this time in line with the recommendations of our committee. Never has a stronger or more convincing case been made for these increases.

The rate on first-class letter mail is increased from 3 cents to 4 cents an ounce. The rates on postal cards, each portion of double post cards and private mailing cards, and the rate on drop letters, are increased from 2 cents to 3 cents each. The rate on domestic airmail is increased from 6 cents to 7 cents an ounce and the rate on airmail post cards from 4 cents to 5 cents each. These increases represent \$365.8 million in additional revenue per year.

In second-class mail, the pound rates applicable to that portion of publications addressed for delivery outside of the county of publication will be increased in 4 annual increments of 15 percent each year. The increase does not apply to any issue of a newspaper with a press run of 5,000 copies or less. The minimum charge on these publications is increased from one-eighth cent to one-quarter cent per piece. These increases do not apply to publications of nonprofit religious, educational, scientific, philanthropic, agricultural, labor, veteran's, or fraternal organizations or associations.

The transient rate—publications having second-class entry mailed by other than publishers or as sample copies in excess of 10 percent allowance—is increased from the present rate of 2 cents for the first 2 ounces and 1 cent for each additional 2 ounces, to 2 cents for the first 2 ounces and 1½ cents for each additional 2 ounces. These increases in second-class mail will bring in increased revenue in the amount of \$33 million a year.

Controlled circulation publications are increased from 10 cents—for those not over 8 ounces—and 11 cents—for those over 8 ounces—to 12 cents per pound regardless of the weight of individual issues. The minimum charge of 1 cent per piece is not changed. These rates will remain in effect on controlled circulation publications until changed by the Congress. Incidentally, controlled circulation publications consist of magazines which are similar to second-class magazines except they do not have subscription lists.

Third-class mail, as the Members know, consists primarily of printed matter and small packages of merchandise weighing less than 8 ounces. The principal increase in this class of mail is on the matter mailed in bulk under regulations established by the Postmaster General.

I know that many Members have received considerable correspondence with respect to this class of mail and objections on the part of patrons to what they call cluttering up the mail with an inordinate amount of this advertising matter. A few years ago this class of mail went at the minimum rate of 1 cent per piece. In 1951 we raised it to 1½ cents per piece. In this bill we raise it to 2 cents until July 1, 1959, when it

will go to 2½ cents. In other words, a few years ago a thousand pieces of this type of mail could be sent for \$10. When all of these increases are in effect, it will be \$25, or a 250 percent increase. I mention this because many people are of the view that we are not raising this class of mail sufficiently. In my judgment, it will be increased substantially if this bill is enacted.

The individual mailings of third-class mail are presently going for 2 cents for the first 2 ounces. These will be raised to 3 cents for the first 2 ounces. There is an increase for the permit to use third-class mail from \$10 a year to \$20 a year and an increase in the charge for odd-sized pieces of third-class mail from 3 cents to 5 cents apiece.

The total increased revenue from third-class, after all the increases are in effect, will be \$128 million a year.

In fourth-class mail there is an increase proposed for books, from the present rate of 8 cents for the first pound and 4 cents on each additional pound—up to 70 pounds—to 10 cents on the first pound and 5 cents on each additional pound. While this rate is increased, it will not materially improve the financial situation of the Post Office Department because we are, at the same time, authorizing a number of other items such as manuscripts, tests, and certain other materials to go at this rate. The Department estimates that the lower revenue on this material, which presently goes through the mail at first-class rates, will offset the increased revenue from the higher rates on books. The broadened category was urged by many of the colleges and universities who also are interested in the book rate. While it was felt that the categories going under the book rate could not be increased without some rate adjustment, we did work out what I believe is a fair compromise.

The first-class letter rate increase, as I have indicated, is the very heart of this bill. It accounts for \$314 million of the increased revenue. This rate has not been raised since 1932 when it was raised on a temporary basis. This temporary rate was continued periodically but was made permanent in 1947 by legislation coming from our committee. Incidentally, it was made permanent by a procedure which required unanimous consent of the House.

Since 1945, when costs began to rise, there has been an increased cost to the postal service of \$1,860,000,000. Much of this was for salary increases—and they were deserved increases—to postal employees. The sender of first-class letters has not been called upon to pay one single bit in increased rates to meet this increased cost. Even in this bill we are proposing only a 33⅓-percent increase.

After this bill is enacted, virtually every other class of mail will have received increases ranging from 100 to 300 percent.

There are those who say that first-class mail is showing a profit. They are in error. In the first place, they use figures that are outdated. They are quoting cost figures that are nearly 3 years old. In the fiscal year which began July 1 the Post Office Department

estimates that first-class mail will fail to recover its apportioned cost by nearly \$50 million and this does not take into consideration anything at all for the priority of service enjoyed by the first-class mail user. If the postal pay bill already passed by the House is enacted into law this direct loss on first-class mail will be \$150 million this year and \$175 million or more each year thereafter.

Seventy-five to 80 percent of first-class mail is used by business. A preponderance of this matter is metered mail, which means that it does not have to be faced or canceled by the Post Office Department. Now we have not heard from any of the large business users of this mail who have not agreed that this rate should be increased. As a matter of fact, the fact that business meters its mail, and there is such a volume of it, is the only reason first-class mail makes such a good showing on the financial records of the Post Office Department. The high cost of handling the letter of the individual who drops it into the corner mail box or the post office and has it delivered to the addressee any place in a complex urban community, such as the Washington area or even 600 miles away, is mixed in with the more favorable cost figures of these large business mailings.

Also, the final cost of all first-class mail is reduced by the pieces of first-class mail weighing more than 1 ounce, on which an added charge is made. Again, these are not the pieces sent by individuals but by the business mailers. I emphasize this because there has been some sentiment expressed that we are charging the individual user of the mail an additional amount over and above what it costs to handle it. This, of course, is not so. He has had pretty much of a free ride all along by virtue of the large mailers whose mailings, because of the volume and the weight, make substantial savings possible in handling although they are charged the same rate as the one who sends the individual letter.

Just to summarize, this bill is necessary if we are in any way to cut into the tremendous deficit in the postal service and prevent a further increase in the budget. I have always favored the Post Office Department paying its own way. Looking back in retrospect, it would have been pretty nice if the Post Office Department, instead of running up an accumulative deficit throughout the years, had paid its own way.

Just think, our national debt limit could be \$5 billion lower. And we must remember, also that the next generation is probably going to have to pay more in interest on the postal deficit, that we fail to charge today, than we would have paid had we paid that necessary postal rate ourselves.

Secondly, first-class mail is not only failing to pay its apportioned cost but it does not even begin to pay for the preference in handling which it receives. At the time the first-class letter rate was made permanent at 3 cents, it was paying 30 percent above its apportioned cost. That was about the lowest that it has

paid above its apportioned costs through the years. It has paid as high as 64 percent above its apportioned cost. This was in 1945, and no one thought then that they were overcharging the user of first-class letter mail. At least, I did not receive a single letter of complaint as a member of the Post Office and Civil Service Committee.

Unless we raise the first-class letter rate, the other rates will be out of line. We cannot charge 3 cents for postal cards, 3 cents for individual mailings of third-class mail, or 2½ cents for bulk mailings. This represents an additional \$112 million of the increases.

I hope that the Members again this year will support this essential legislation, as they did last year. More than that, I hope that this time, and we have been trying to do the right thing now for 6 years, that there will be pretty general support for a measure which certainly all should recognize as just and a must.

Now let us see who appeared in behalf of this postal rate increase:

LIST OF THOSE WHO TESTIFIED IN FAVOR OF
POSTAL RATE BILL

Hon. James A. Farley, former Postmaster General.

Hon. Jesse M. Donaldson, former Postmaster General.

Hon. George M. Humphrey, Secretary of the Treasury.

Hon. J. VAUGHAN GARY, chairman of the Subcommittee on Appropriations.

Hon. Percival Brundage, Director, Bureau of the Budget.

The Advisory Board of the Post Office Department.

Mr. John F. Fixa, president, National Association of Postmasters of the United States.

Mr. John S. Coleman, president, Chamber of Commerce, of the United States.

Mr. John C. Allen, general traffic manager, Sears, Roebuck & Co.

Mr. Fred W. Bennion, executive director, Wyoming Taxpayers Association, Cheyenne, Wyo.

Hon. JOHN TABER.

Hon. THOMAS E. MARTIN.

Mr. M. C. Nave, president, National Association of Postal Supervisors.

Mr. Francis J. Pinque, president, New Jersey Taxpayers Association, Inc., Trenton, N. J.

Mr. Ernest G. Swigert, president, National Association of Manufacturers.

Mr. Charles M. White, chairman of the board, Republic Steel Corp., Cleveland, Ohio.

Mr. John W. Fitzgerald, Pontiac Press, Pontiac, Mich.

Mr. Steve Stahl, executive vice president, Oklahoma Public Expenditures Council, Oklahoma City, Okla.

Mr. James H. S. Ellis, president, Kudner Agency, Inc., New York, N. Y.

Mr. W. A. Paton, professor of accounting, University of Michigan, Ann Arbor, Mich.

Mr. Theodore A. Serrill, executive director, Washington Publishers Association, Washington, D. C.

If this bill is not approved by the Congress this year, the deficit of the Post Office Department will be \$651 million. It certainly seems to me that Members would vote for it, especially those who have voted for large appropriations and increases in pay for postal employees as well as the classified employees. They should certainly come along and help us in a little way to wipe out this deficit of the Post Office Department. We are all concerned about the national debt

which is nearly reaching the limit now. Yet, we have lost \$5 billion in the last 10 years in the operation of the postal service. It is not right or fair to place the burden of that debt upon the people, when the Post Office Department should be self-sustaining and the users of the mail should pay their own way. I hope the committee will, as it did last year, approve this bill.

Mr. REES of Kansas. Mr. Chairman, I yield myself 10 minutes.

Mr. Chairman, this is an extremely important piece of legislation and in some degree controversial. It is the second time in 2 years we have brought this almost identical measure before the House for your consideration. This bill, as the chairman has told you, is for the purpose of increasing the postal rates. It provides for an increase that would secure additional revenue in the amount of \$527.5 million annually.

Mr. HOLFIELD. Mr. Chairman, I make the point of order that a quorum is not present.

The CHAIRMAN. The Chair will count. [After counting.] One hundred and twenty Members are present; a quorum.

The gentleman from Kansas will proceed.

Mr. REES of Kansas. Mr. Chairman, I urge the approval of H. R. 5836, a bill to increase postal rates. This legislation provides for an increase in postal rates, which will secure additional postal revenues in the amount of \$527.5 million annually when all of the increases are in effect. By a large majority our committee has determined that there is an urgent and vital need for this legislation. The postal deficit is reaching staggering proportions by reason of the failure of Congress to enact adequate postal rate increases despite the repeated recommendations of President Eisenhower and President Truman over the last 9 years.

Unless the Congress acts now to increase postal rates, the postal deficit at the end of the fiscal year will be over \$686 million and if a pay increase for postal employees is enacted, without a rate increase, the postal deficit next year will reach almost \$1 billion annually.

Extensive hearings were conducted this year as in former years and more than 100 witnesses appeared before the committee, many of whom supported this legislation. Among those who urged its approval included former Postmasters General Jesse M. Donaldson and James A. Farley.

There are only three major differences between this bill and the one the House approved last year. This bill increases the rate on postal cards from 2 to 3 cents. Last year's bill did not include such an increase. This bill provides an increase in second-class rates of 60 percent in 4 annual 15-percent increments, while the bill last year provided a greater increase—a 120-percent increase on advertising in second-class publications. The bill last year provided a one-half cent increase in the minimum per piece rate for third-class bulk mailings, while the bill this year provides the same increase plus another one-half cent increase at the end of the second year.

Briefly the provisions of this bill are as follows:

First-class letter rates are increased from 3 cents to 4 cents an ounce; post and postal cards are increased from 2 cents to 3 cents each; and airmail rates are increased from 6 cents to 7 cents an ounce with an increase of from 4 cents to 5 cents on air-mail cards. Additional revenues will be provided by these total first-class and airmail increases amounting to \$365,800,000 a year.

Second-class rates are increased by 4 annual installments of 15 per cent each year with continued exemptions for newspapers with press runs of 5,000 copies or less, and publications addressed for delivery within the county of publication. The minimum per piece or copy rate on second-class publications is increased from one-eighth cent to one-fourth cent. No increase is provided for publications of nonprofit, religious, educational, scientific, philanthropic, agricultural, labor, veterans' or fraternal organizations. The additional revenues which will be secured under increased second-class rates will amount to \$33 million annually when the new rates are completely in effect.

In the third-class category the piece rate for circulars, merchandise, and miscellaneous advertising will be increased from 2 cents to 3 cents for the first 2 ounces and additional ounces will be increased from 1 cent to 1.5 cents. A similar increase is provided in the piece rate for books and catalogs weighing 2 ounces or less. The bulk rates are increased from 14 cents to 16 cents a pound for circulars and from 10 cents to 12 cents a pound books and catalogs. The minimum per piece rate for third-class is increased from 1.5 cents to 2 cents for the first year and 2.5 cents for the second year and thereafter. Rates per piece on odd sizes are increased from 3 cents to 5 cents and the annual bulk mailing fee is increased from \$10 to \$20. These increases in third-class mail will produce additional revenues of \$128 million annually.

Fourth-class book rates for the first pound are increased from 8 cents to 10 cents and additional pounds from 4 cents to 5 cents. Controlled circulation publications weighing not over 8 ounces are increased from 10 cents to 12 cents a pound and over 8 ounces from 11 cents to 12 cents a pound. This rate increase for books and controlled circulation publications will produce \$700,000 annually in additional revenues.

During this fiscal year the Post Office Department estimates that first-class mail will fail to meet its apportioned cost by \$50 million; second-class by \$282 million; and third-class by \$261 million. It is clear that the increased revenue in second-class mail, which is applied in 4 annual 15-percent increments and totals only \$33 million, is fair to the publishers. Third-class rates, which, at the end of the second year will provide \$128 million in increased revenue, are also reasonable.

It is only fair to point out, of course, that since neither second-class nor third-class mail have priority of service that is given first-class mail, these classes of

mail should not be expected to pay their fully apportioned costs.

I know that there has been a lot of confusion and misunderstanding concerning the cost-ascertainment system of the Post Office Department.

If I may take a moment here, I believe I can explain it readily by an illustration. The costs of the postal service are primarily personnel costs. The time that it takes an employee to handle first-class mail is the same, as far as payroll costs are concerned, as the time it takes an employee to handle the lesser preferred classes of mail. Since first-class mail is handled first and receives preferential treatment that time, of course, is valuable. It is also more valuable to the one receiving the preferential service.

Another illustration which was used during the hearings to describe the postal-cost procedure is that of charging for theater admission. It was pointed out that the cost to the theater for providing all seats is relatively the same. The cost of heat, light, tickets and other service is identical as far as all seats are concerned. The seats in the center section, however, sell for much more because these are preferential seats. That is the same with first-class mail. It has preference and thus it has a greater time and monetary value.

Throughout the years Congress has established this preference at about 30 percent. The Members may want to note, in our committee report we have outlined this preference markup in a chart appearing on page 11. You will note that first-class mail paid on the average—between 1926 and 1941—approximately 40 percent above its apportioned costs. Since we have had the tremendous increases in costs following 1945 and not increased the first-class rate, it has gone down now until it pays less than its apportioned costs.

In 1947, when I was chairman of the Post Office and Civil Service Committee, President Truman requested that the first-class letter rate, which would have reverted to 2 cents, be made permanent at 3 cents. Our committee considered it in a rate bill that contained many other items. There was no controversy on this proposal and the first-class letter rate of 3 cents was taken out of the rate bill and passed separately. It was approved by unanimous consent.

I mention this to show there was pretty general agreement that the 3-cent rate was the proper rate for first-class mail at that time when it was paying 30 percent more than its apportioned costs, while today it is \$50 million below its apportioned costs. If the postal pay bill is approved, it will be almost \$150 million below its apportioned cost.

Mr. HALEY. Mr. Chairman, will the gentleman yield?

Mr. REES of Kansas. I yield to the gentleman from Florida.

Mr. HALEY. There has been a great deal of conversation about a change in accounting procedure and that, with the change, there has been the suggestion that first-class mail is taking a greater amount of the cost than formerly. Is that the case? And, if there is a deficit

in the cost of carrying first-class mail, to what does the gentleman attribute it?

Mr. REES of Kansas. There was a time when first-class mail did pay its way—that is, under present accounting procedure if applied at that time, first-class mail did pay its way. It paid more than its way at one time, considerably more, but because of the increased cost that has come about in the years it has kept going down lower and lower until now it does not quite pay its way.

I would like to explain to the gentleman and to the Members of the House that when we apportioned these costs we did not include all of the items of cost with which they should have been charged; for instance, the expense of building post-office buildings, the care and maintenance of the buildings. Items of that sort are really not reflected in these costs. When we compute them even under the present procedure, we see that first-class mail is not paying its own way by a substantial measure.

Mr. MACK of Washington. Mr. Chairman, will the gentleman yield?

Mr. REES of Kansas. I yield to the gentleman from Washington.

Mr. MACK of Washington. On page 3 there is a table showing the rates on publications and newspapers. The effective date in the first column is July 1, 1957. That date has already passed. Will these rates be retroactive, or has the committee an amendment to change the date and make it effective later?

Mr. REES of Kansas. The chairman at the proper time will offer an amendment to change the date "July 1, 1957" to "October 1, 1957."

The opponents of this measure state their views in contradictory terms. First, they say that the burden of the increase in postal rates should not fall on the users of first-class mail, and then they deplore the fact that rates on second- and third-class mail are not greater than provided in the bill.

It should be clear to anyone who has studied this legislation that we cannot increase third-class rates—even to the point that they have been increased in this legislation—unless first-class mail is increased. In other words, without an increase in first-class rates there could not be even a reasonable increase in third-class rates.

So far as the contention about the small increase in second-class mail is concerned, I need only to point out that it would require an increase of several hundred percent to provide that the users of second-class mail would pay their apportioned costs under the cost-ascertainment system. If we were to increase second-class rates to that extent, the rates on newspapers and magazines would be so great it would cause many publishers to go out of business. Therefore, the committee recommends in this legislation a reasonable increase which I believe is the maximum that should be provided at this time. I am aware of the great benefits to the large publishers on the basis of present second-class rates. I believe they should pay their fair share in postal revenues, and I believe the bill provides such an increase.

There was virtually no opposition to an increase in first-class mail by the witnesses who appeared before the committee. We should bear in mind that this 1-cent increase in first-class letter mail is the first increase in first-class rates since 1932, which is the only increase since 1885. Recently many surveys have been conducted, including some by Members of Congress, which show that the American people believe that an increase of 1 cent in first-class mail is reasonable and will produce further improved services for postal patrons. More than 75 percent of first-class mail by volume is sent by business. It is estimated that the increased first-class rates provided in this bill will cost the average American family only about 15 cents a month.

In considering this legislation the Members should bear in mind that 78 percent of the expenditures of the Post Office Department are for salaries and other necessary expenses for postal employees. On page 7 of our report on this bill a table shows that since 1945 increased costs for employee benefits and for transportation have amounted to \$1,859,851,000 annually. Thus, it is clear the increased deficit in the Post Office Department over the years has resulted to a large extent from salary increases which are necessary and just. Fifteen percent of the expenditures of the Post Office Department are for transportation. At the present time the railroads are requesting the Interstate Commerce Commission for additional rate increases which will necessitate even larger expenditures for transportation. Seven percent of such expenditures go for supplies, rents, utilities, communications, and other miscellaneous expenditures. Therefore, when we discuss the advisability of reducing the deficit in any way other than by rate increases, it is clear how impossible it would be.

The postal service is responding to the needs of this atomic era, and it is expected that within a few years mail volume will reach nearly 75 billion pieces annually. To provide the services that are necessary, to reduce the deficit, and to modernize the postal rate structure, it is necessary to increase the rates as proposed in this legislation. Those Members who are concerned about economy and those who recognize the increased costs of our modern Government will understand the urgent need for the approval of this legislation.

Mr. Chairman, I realize it is not so easy to vote for postal rate increases but there is one thing sure: Either you are going to increase these postal rates through the legislation we have before us today or else you are going to charge it against the Federal Treasury and the small taxpayer will pay the cost.

I hope the members of the committee will see fit to support this very important legislation.

Mr. CANFIELD. Mr. Chairman, will the gentleman yield?

Mr. REES of Kansas. I yield to the gentleman from New Jersey.

Mr. CANFIELD. Is it not true that under modern cost analyses, consideration has to be given costs in that first-

class mail receives a preferential service from the time the mail is sent to the time it is delivered?

Mr. REES of Kansas. That is correct. Incidentally, I should also state that most of this first-class mail is sent by business and industry and commercial institutions. More than 75 percent of it is sent by business.

Mr. CANFIELD. Does the gentleman know of any major country in the world that charges a lesser rate for its first-class mail than in the United States of America?

Mr. REES of Kansas. The United States now has the lowest first-class mail rate.

The CHAIRMAN. The time of the gentleman from Kansas has expired.

Mr. REES of Kansas. Mr. Chairman, I yield 5 minutes to the gentleman from Virginia [Mr. BROYHILL].

Mr. BROYHILL. Mr. Chairman, the details of this bill have already been very thoroughly explained by the distinguished chairman of the Committee on the Post Office and Civil Service, the gentleman from Tennessee [Mr. MURRAY] and by the ranking minority member of that committee, the gentleman from Kansas [Mr. REES]. I am going to deal very briefly here with some of the overall objectives of the bill and the basic principles involved.

The overall objective, of course, is to raise postal rates and to increase the revenue of the Post Office Department in an effort to reduce the deficit. Another desired objective, of course, is to balance the postal budget.

Going into this next fiscal year it is estimated that the postal deficit will be in the neighborhood of \$700 million. Now, that does not include the increase in salaries which we acted upon here in the House about 3 or 4 weeks ago for the postal field service employees, which, if added onto this estimated \$700 million, would make the deficit amount to approximately a billion dollars. So, we are not talking about peanuts here, nor are we talking about millions of dollars, but billions of dollars. We estimate, if this wage increase goes into effect, the postal deficit for the next year will amount to a billion dollars, and that will have, of course, a very serious effect on our national budget. The budget submitted by the President for this year took into consideration that we would raise the estimated revenue by \$654 million.

Mr. PORTER. Mr. Chairman, I make the point of order that a quorum is not present.

The CHAIRMAN. The Chair will count. [After counting.] One hundred and ten Members are present, a quorum.

Mr. BROYHILL. If we would take no action on this bill whatsoever, it would have the same effect as if we increased the President's budget by \$654 million. As was pointed out by the chairman of the committee, the total deficit in the postal operation since 1946 has amounted to approximately \$5½ billion, and there is no question but that it did have an effect on the temporary authorization that we passed here in 1955

and 1957 to increase the debt limit. And, if we do not take any action here today, there is no question in my mind but that ultimately we will again have to act on increasing that debt limit. Certainly this bill is somewhat controversial. No one likes to absorb an increase in cost on any operation. But, we have had extensive hearings. I have been a member of this committee ever since I have been a Member of the Congress, and we have had more hearings, many times more hearings, on this subject than we had on any other problem which we had before our committee. And, it is a compromise at best. It is a fair distribution of this rate increase.

Now, what are the basic principles involved? We have got to decide whether or not the people who use this postal service should pay for that service. If they do not pay for it, certainly the other taxpayers, all the taxpayers of the Nation, are going to have to pay for it. And, who are these other taxpayers of the Nation? No one else but the postal users themselves. So, it is the fairest way of distributing the cost, by making the people who actually use it pay for it. And, if they do not pay for it, it will constitute a burden that will be passed on to future generations. Sometimes it is necessary, in times of grave emergencies, or time of war to have deficit financing, but I think it is unconscionable at a time of the greatest prosperity in the history of this Nation to pass on to future generations the cost of the postal service instead of on those who enjoy it. We have not had an increase whatsoever in the first-class letter rate since 1932.

During the past few weeks many of us have talked about the increased cost of living since 1939, and have been pleading with the Members of this body to recognize that increased cost of living for the employees of the postal service and the Federal classified employees. We asked for a salary increase to cover that cost of living. Well, then, it is altogether fitting and proper that we likewise act in the same manner, with the same kind of concern, in raising revenue so that we can reimburse the Government for their increase and their cost of service in this postal operation.

The American people have a right to expect the Post Office Department to be run on a sound fiscal basis. This legislation is a step in that direction and I urge its favorable consideration.

Mr. MURRAY. Mr. Chairman, I yield 5 minutes to the gentlewoman from Idaho [Mrs. Frost].

Mrs. FOST. Mr. Chairman, I opposed this bill when it was reported by our committee because I did not believe first-class and airmail rates should be raised to pay for the so-called trash mail that clutters up everybody's mail boxes.

First class and airmail are already paying their own way, and making a profit for the Post Office Department. In 1956 first-class mail made a profit of \$35 million and airmail made a profit of \$23½ million. The real deficit comes in second- and third-class mail which is carried at a tremendous loss.

Nothing was said or done during the many tedious weeks of hearings to con-

vince me that there is any need to burden the average citizen who uses first-class mail with the responsibility for balancing the Post Office Department's budget. Nearly 70 percent of the increased revenue raised by this bill comes from the users of first-class mail and airmail letters.

Increased rates in this instance, therefore, are nothing more than a tax upon the people—a tax imposed without regard either to equity or ability to pay. Nothing could be more unfair.

Mr. Chairman, this Republican administration seems to have lost sight of the fact that the postal system was set up as a service to the people. Carrying the mail at a reasonable cost has always been considered one of democracy's general welfare services to the people.

This bill makes a radical change in the basic philosophy under which the Postal Establishment has always been run. It marks the end of the post office as an instrument for public service—as a tool through which our national horizons could be expanded. If this bill is passed, from now on the Post Office Department will be a hard-boiled business establishment, governed by a profits-and-loss philosophy.

This changed philosophy is tied up in a package which is presented to the Congress as an emergency measure. We are told, in effect, that it is "must" legislation.

I feel that the "must" label could be tagged more appropriately to a bill which would attempt to resolve the basic philosophy question itself—without the high pressure tactics to which the Department has resorted in its rush to justify a tax on mail users who are already paying their way—and more.

Only when the basic policy question is decided—only when we know whether we want the Post Office Department to continue to be a service organization, or whether we want it put on a cold profits-and-loss basis—will it be possible to sit down and assess the true need for additional postage funds and to determine just where those funds should come from.

To place an emergency tax on an individual's business and personal correspondence in order to help pay the cost of other classes of mail—including so-called junk mail—seems to me to be a poor way of solving the postal deficit.

Mr. Chairman, I oppose this bill. I think it should be recommitted, and we should start all over.

Mr. MURRAY. Mr. Chairman, will the gentlewoman yield?

Mrs. PFOST. I yield to my distinguished chairman.

Mr. MURRAY. The gentlewoman says that this new philosophy is a philosophy of the Republican administration. How does she account for the fact that Postmaster General Farley was in favor of postal rate increases as was Postmaster General Donaldson?

Mrs. PFOST. I would say to my distinguished chairman—and I have a great deal of respect for my chairman—that I heard Postmaster General Farley's testimony last year and he said he favored an increase in first-class and airmail postage rates.

I think the distinguished former Postmaster General agrees with me however, that second- and third-class mail should more nearly pay its way, and that the real burden should not be placed upon those classes of mail that already pay their way—such as first-class and airmail.

Former Postmaster General Donaldson, as I recall, agreed to a first-class rate increase only on the condition that second-class rates be increased by 70 percent. It should be noted that neither he nor former Postmaster General Farley appeared before our committee in person this year. And when they did last year they freely stated that they had not gone into the details of the Post Office Department's presentation. They plainly had no firsthand knowledge of this newfangled and unique philosophy—used by the present postal administration—that "intangibles" suddenly discovered in the past 2 years warrant increasing first-class rates so that letter mail will return a profit of \$300 million to the Post Office Department. This increase, in effect, would pay for the tremendous losses on other classes of mail.

Mr. REES of Kansas. Mr. Chairman, I yield 8 minutes to the gentleman from New Jersey [Mr. CANFIELD].

Mr. CANFIELD. Mr. Chairman, since 1945 I have been a member of the 7-man subcommittee of the Committee on Appropriations of the House handling Post Office Department funds. Today, Mr. Chairman, every member of that committee, Democrat and Republican, stands for the enactment of this legislation.

It is a tragic thing, when you think about it, forcing the Post Office Department of our country to operate on 1932 rates, facing as it does 1957 costs.

I was one of the 317 Members of this body who a few days ago voted for increased pay for the postal workers of our country. The vote was 317 to 38. I cannot believe that this House today will turn down this bill calling for realistic postal rates.

The present 3-cent letter rate has not been changed since 1932. The last change prior to that date was in 1885. I say to you, Mr. Chairman, if we want to provide modern mail service we have to charge modern prices. First-class mail is today being run at a loss on any basis of accounting. If we consider the cost of providing preferential service on first-class mail, even a 4-cent letter rate would not get the Post Office Department out of the red.

The loss on first-class mail in 1956, according to the Post Office figures, was \$345 million. In 1957 it probably will be close to \$375 million. If the postal pay is increased, and I hope it is increased, this will make the first-class loss, according to estimates I received today from the Post Office Department, just about \$500 million. This bill only increases first-class mail revenues about \$350 million, so there will still be a large loss in this class of mail.

First-class mail, Mr. Chairman, is not bearing its fair share of the burden of increased cost. Even if this bill is enacted, first-class mail will still not have faced the same proportion of increase

that second- and third-class mail have met in the last 10 years. Second-class mail, for example, will have increased 92 percent over the level of 10 years ago, and third-class rates will have increased 104 percent as compared with an increase of only 33 percent for letter mail. Letter mail which in 1946 contributed 42 percent of the total postal revenues now contributes only about 32 percent. This is what President Eisenhower had in mind when he stated in a special message that:

The failure of this type mail to maintain its revenue contribution is a major factor in the present postal deficit. There is, therefore, an urgent need to increase the rate of postage of first-class mail.

That was the President's clarion call.

The 3-cent letter rate has been in effect for 25 years during which time postal costs have more than doubled. On the basis of the change in the value of the dollar alone during the last quarter century, the Department could now be charging 6 cents rather than 3 cents for a letter stamp. How, then, can one logically oppose a 4-cent rate?

A letter-rate increase would not be burdensome for the American family. The cost to the average family would be only about 4 cents a week since private letters account for only 25 percent of all letter mail. Meanwhile, private individuals are contributing 60 percent of the Federal income-tax revenues which are paying a large share of the cost of business mail. A 4-cent letter rate would put the burden where it belongs, on business, which originates 75 percent of letter mail today.

Let me say something about letter rates in other countries and about salaries for postal workers in other countries. Germany today charges for first-class letter mail 4.8 cents. At the same time in Germany the annual salary of an experienced postman is \$1,161. France today for domestic letter rates charges 5.7 cents while an experienced postman in France receives a salary annually of \$1,149.

Switzerland charges 4.6 cents for a first-class stamp and the salary of an experienced postal worker in Switzerland today is \$1,830.

Denmark charges 4.3 cents for a first-class rate and today an experienced postal worker in Denmark receives an annual stipend of \$1,485, as compared to the 3-cent first-class stamp in the United States while our postal workers who are experienced receive an annual stipend of \$4,410.

Mr. SANTANGELO. Mr. Chairman, will the gentleman yield?

Mr. CANFIELD. I yield.

Mr. SANTANGELO. The majority report on page 14 indicates that second-class mail is yielding a revenue of less than 3 percent of the total revenue and comprises 25 percent of the burden of the post office. Does the gentleman think it is fair that second-class mail which gives so little and uses so much of the service of the Post Office Department should not carry an increased rate so that it will carry itself? On the other hand, I would like to point out to the gentleman, that first-class mail users

that show a profit for the Post Office Department are going to assume the burdens which businessmen of second-class and third-class mail are incurring.

Mr. CANFIELD. The gentleman knows that they are gradually increasing those rates. The second-class mail rates today, as shown by the figures of the Post Office Department, show an increase of 92 percent over the level of 10 years ago while the increase in the first-class mail shows only 33 percent.

Mr. SANTANGELO. The majority of the committee on page 14 indicates that 2.7 percent of the total departmental receipts comes from second-class mail whereas 24.7 percent of the total volume of the mail is used by second-class mail users. Does the gentleman think it is fair, using the same standards of comparison that he applied to the first-class mail users, that the second-class mail users should be getting a free ride at the expense of the first-class mail users?

Mr. CANFIELD. The gentleman is not arguing that the first-class mail, which today shows a deficit of \$375 million, should not be increased; is he?

Mr. SANTANGELO. Under the cost ascertainment system, the first-class mail in 1956 made a profit of 35.7 million and the increases in this bill will recoup 314 million for the first-class mail users.

Mr. CANFIELD. I am sorry to say the gentleman is mistaken because the figures the gentleman has quoted do not take into consideration the preferential treatment which the first-class mail has to receive from the Post Office Department of the United States.

The CHAIRMAN. The time of the gentleman has expired.

Mr. MURRAY of Tennessee. Mr. Chairman, I yield 4 minutes to the gentleman from South Carolina [Mr. HEMPHILL].

(Mr. HEMPHILL asked and was given permission to revise and extend his remarks.)

Mr. HEMPHILL. Mr. Chairman, what is at issue here today is not only the question of whether or not the postal rates, which now exist, shall be increased, but whether the post office as a service department of this Government and as a service to the people shall be destroyed by this sort of legislation. Historically, the Post Office Department has been a department of service. It is unique in that it is the only Department of Government that I know anything about where in the revenues are set apart as against the expenses. Yet, even though that be true, those revenues do not go into the Post Office Department as the Budget Director found out some time ago, but they go into the general Treasury.

Now if we are going to consider this legislation in the light in which it should be considered, we first have to take the first-class mail and look at the service given by the Post Office Department, which I ask to put into the RECORD at this point.

This chart shows that since 1926 the first-class mail has traditionally paid its way through 1955, until we were given the cost ascertainment system. In 1926 first-class mail paid 129.8 percent of its way. Second-class only 29 percent, and third-class 97 percent. We can go down to 1955 in which year first-class mail paid 105 percent of its way, second-class 21 percent, and third-class 59.9 percent.

Now we seek to place the burden on first-class mail. We say that even if it paid 105.4 percent of its way, we are going to write in the first-class preferential treatment, which treatment on its face may seem to be true, but if you know anything about the Post Office Department and have talked to postmasters, you will find there is such a thing as "red tag" treatment. That is the Wall Street Journal, and certain other publications. They are given first-class treatment, the same as first-class mail is given. That is nothing more than an excuse to cover up for some others who have been receiving the same sort of treatment.

At this point, Mr. Chairman, I ask unanimous consent to insert in the RECORD the figures for 1953, 1954, and 1956, as furnished by the Post Office Department, showing the preferential treatment insofar as rates are concerned, and indicating the preferential treatment insofar as service is concerned, by certain magazines.

The CHAIRMAN. The Chair will state to the gentleman that that permission will have to be procured in the House rather than in the Committee.

Mr. HEMPHILL. Let me read to you from 1955.

National Geographic, revenue \$486,000; cost \$1,820,000.

Life magazine, revenue \$7,485,000; cost \$16,797,000.

In 1955 these publications—and I will put these in the RECORD—took the Government for \$61 million more than the revenues received.

If that is true, why should the man who is paying on first-class mail be asked to carry the burden for these particular magazines?

Let me read to you from 1956. Ladies Home Journal cost \$287,000. Excess of cost \$159,000.

Estimated annual loss, \$1,917,000.

Colliers magazine, 1956, cost \$3,146,000; Life in 1956, \$9,310,000.

Colliers magazine in 1956 cost the taxpayers \$3,146,000 because of inadequate postal rates; Saturday Evening Post cost \$6,087,000; Reader's Digest cost \$4,172,000. These are figures furnished by the Post Office Department. These are all good magazines—but if the little man who uses only 10 letters a year, first class, is to pay his own way, then why not a profitable magazine?

We must recognize that there are certain services which the postal user and the taxpayer are paying for. From table 100-A of the cost-ascertainment report we find exempt publication cost the Department \$55,042,090 more in 1956 than the revenue received from postal

revenues. Daily newspapers cost \$65,996,414 more. Other newspapers cost \$23,854,170 and magazines and periodicals \$70,539,141. The total year-end deficiency for 1956 totaled \$254,846,862. This deficiency arises because we recognize the services rendered in these fields. Someone has to pay for these services if we are to continue these services. This is proof of the fact that the Post Office Department is a service department.

On March 27, 1957, the House of Representatives passed H. R. 5206 which, in effect, recognized these service features. By passing that legislation this Congress recognized an airmail subsidy of \$14,577,044.

From table 100-B of the Post Office Cost Ascertainment Report for 1956 we find special services, such as certified mail, money orders, and so forth, account for \$57,911,843 of the deficit. Nonpostal services account for another \$1,135,886.

These are deficits which must be absorbed, or corrected. The legislation makes no attempt to do either, unless to place the burden on the back of the first-class user.

It is not morally right to have first class shoulder the burden.

We need a policy which defines the services rendered and recognizes them as such. If we are to adjust, each class of mail should pay its own way. Fourth class is required to by law.

We find on page 3 of the committee report that according to budget estimates \$654 million of revenue to be expected from this legislation is written into the budget—written in before the bill is passed. I want to know who is trying to mislead whom? Is it just, or fair, to write into the budget moneys not yet realized, or authorized?

This bill will, reportedly, increase revenues by about \$527.5 million if all the increases are granted. So we are going to be short whatever we do. In addition, Mr. Stans, Deputy Attorney General, told the committee the Department would be \$250 million or \$300 million short if every increase were granted. So we are using a bad bill which cannot cure the deficiencies.

Unless this bill is changed from its present form, I will have to vote against it.

Mr. Chairman, I include as part of my remarks before the Committee as a Whole certain charts furnished by the Post Office Department—

First. Chart of revenues to expenditures of 1st, 2d, and 3d class mail, 1926 to 1956.

Second. Chart showing 1953 deficit occasioned by 5 or 6 of the largest circulation magazines.

Third. Chart showing 1955 deficit of certain magazines.

Fourth. Chart showing 1956 deficit of certain magazines.

Fifth. Table 100 of the Post Office Cost Ascertainment Report of 1956.

Sixth. Table 100-A and 100-B of the Post Office Cost Ascertainment Report, 1956.

Ratio of revenues to expenditures¹ 1st-, 2d-, and 3d-class mail, 1926-56

Ratio of revenues to expenditures 1st-, 2d-, and 3d-class mail, 1926-56—Continued

Ratio of revenues to expenditures 1st-, 2d-, and 3d-class mail, 1926-56—Continued

	Expense coverage (percent)		
	1st class	2d class	3d class
1926.....	129.8	29.2	97.5
1927.....	131.7	29.4	94.1
1928.....	132.5	28.9	91.3
1929.....	131.0	24.1	76.7
1930.....	129.0	25.5	74.1
1931.....	121.0	22.1	71.4
1932.....	112.2	18.5	63.7
1933.....	146.1	18.4	61.3
1934.....	158.1	21.5	74.4
1935.....	150.1	18.9	72.2
1936.....	144.2	19.4	73.2

¹ Without regard to reallocation of cost to recognize differential in service or value of mails.

	Expense coverage (percent)		
	1st class	2d class	3d class
1937.....	151.1	21.5	78.1
1938.....	150.2	21.5	75.3
1939.....	152.0	21.5	74.6
1940.....	154.4	22.6	74.1
1941.....	155.2	23.6	78.8
1942.....	156.6	23.8	75.6
1943.....	146.1	21.4	71.4
1944.....	164.7	20.1	76.8
1945.....	131.5	18.3	61.5
1946.....	126.4	19.7	56.2
1947.....	130.0	20.2	56.4
1948.....	112.9	19.0	51.3
1949.....	111.9	18.9	53.1
1950.....	113.8	18.7	53.8
1951.....			

	Expense coverage (percent)		
	1st class	2d class	3d class
1952.....	105.4	16.9	46.2
1953.....	108.8	18.3	57.0
1954.....	105.9	19.7	62.1
1955.....	105.4	21.0	59.9
Average: 1926 through 1941.....	140.5	22.9	77.1
1956: Allocated postal costs, plus current pay increases and costs paid by other Government departments.....	96.8	19.5	52.3
If H. R. 5836 is passed: Allocated postal costs, plus pay increases, and costs paid by other Government departments.....	130.1	29.2	77.7

Itemized breakdown of the amounts of deficit occasioned in handling mail of 5 or 6 largest circulation magazines and 4 or 5 largest circulation newspapers

	Quarterly weight	Copies	Quarterly postage at present rate	Cost of handling	Quarterly loss	Annual loss
	Million pounds	Millions				
Magazines:						
Life.....	47.5	45.8	\$1,273,000	\$3,424,000	\$2,151,000	\$8,604,000
Saturday Evening Post.....	34.1	36.9	690,000	2,321,000	1,631,000	6,524,000
Ladies' Home Journal.....	10.2	7.7	215,000	623,000	408,000	1,632,000
Collier's.....	17.4	33.1	386,000	1,623,000	1,237,000	4,948,000
Reader's Digest.....	7.0	23.5	134,000	1,051,000	917,000	3,668,000
Newspapers:						
Chicago Tribune.....	5.9	9.8	154,000	601,000	447,000	1,788,000
New York Times.....	5.6	7.6	211,000	636,000	425,000	1,700,000
Detroit Free Press.....	.8	1.4	17,000	75,000	58,000	232,000
St. Louis Post-Dispatch.....	1.7	2.6	37,000	150,000	113,000	452,000
Los Angeles Times.....	.5	.7	24,000	69,000	45,000	180,000

¹ NOTE.—The above figures are based on mailings for the quarter ended Dec. 31, 1952. Postage paid has been adjusted for the 10-percent increase on Apr. 1, 1953.

Costs are based on expenditures for the fiscal year 1952.

Itemized breakdown on costs and receipts for 1st-class mail, local and nonlocal (fiscal year 1952)

	Pieces	Revenue	Expenditures	Excess of revenues	Average per piece	
					Revenue	Expenditure
	Billions	Millions	Millions		Cents	Cents
Nonlocal letters and sealed parcels.....	15.1	\$542.0	\$478.8	\$63.2	3.60	3.18
Local letters and sealed parcels.....	7.4	235.1	192.7	42.4	3.18	2.61

Estimated annual revenues and costs of selected leading magazines, 1955

Publication	Revenue	Cost	Publication	Revenue	Cost
National Geographic.....	\$486,000	\$1,821,000	Ladies' Home Journal.....	\$1,530,000	\$3,449,000
Good Housekeeping.....	881,000	2,175,000	Collier's magazine.....	1,238,000	4,415,000
Saturday Evening Post.....	3,488,000	9,557,000	Life.....	7,485,000	16,979,000
American Legion Magazine.....	143,000	1,455,000	Woman's Home Companion.....	741,000	2,325,000
Coronet magazine.....	180,000	976,000	McCall's magazine.....	1,097,000	2,604,000
American Home magazine.....	623,000	1,753,000	Look magazine.....	1,534,000	5,016,000
Better Homes and Gardens.....	758,000	1,904,000	Total.....	21,592,000	61,679,000
Reader's Digest.....	1,082,000	5,891,000			
American Monthly.....	326,000	1,359,000			

Volume, revenues, and estimated handling costs of selected 2d-class publications, based on 1 issue

[In thousands]

Publication	1 issue					Estimated annual loss
	Weight (pounds)	Copies	Postage at present rates	Cost of handling	Excess of costs over postage	
Ladies' Home Journal.....	5,835	3,706	\$128	\$287	\$159	\$1,917
Collier's magazine.....	1,909	3,070	48	169	121	3,146
Life.....	5,410	4,775	144	323	179	9,310
Saturday Evening Post.....	3,095	3,106	67	184	117	6,087
Reader's Digest.....	3,829	9,163	90	438	348	4,172

NOTE.—In all cases costs were based on average cost factors computed for a subgroup of publications applied to volume data for each publication, and not on individual traffic studies and cost factors attributable to each specific publication.

Source: Post Office Department, Bureau of Finance, Division of Cost Analysis, Cost Ascertainment Branch.

Summary of allocations of revenues and costs to classes of mail and services, with computations necessary to reflect factors not carried in Post Office Department accounts (fiscal year 1956)

Class of mail or service	Total revenues	Allocated budgetary expenditures	Nonbudgetary cost or revenue additions			Year-end excess (+) or deficiency (-) (cols. 1-2-3+4-5)	Estimated reallocation of costs for intangible factors ⁴	Adjusted costs for revenue requirements	Deficiency in revenues ⁵
			Costs paid by other Government agencies ¹	Public service revenue or cost factors (credit) ²	Increased costs not wholly reflected ³				
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
1st-class mail ⁶	\$1, 013, 678, 916	\$978, 013, 941	\$55, 797, 003	-----	\$9, 732, 698	-\$29, 864, 726	+\$316, 305, 667	\$1, 359, 849, 309	\$346, 170, 393
Domestic airmail ⁷	150, 938, 105	127, 513, 988	4, 809, 027	-----	799, 183	+17, 815, 907	+32, 392, 951	165, 515, 149	14, 577, 044
2d-class mail ⁸	65, 890, 784	318, 412, 212	17, 051, 219	\$3, 102, 000	2, 739, 431	-269, 210, 078	-167, 550, 431	167, 550, 431	101, 659, 647
Controlled circulation publica- tions.....	5, 713, 253	7, 708, 000	413, 808	-----	67, 794	-2, 476, 349	-2, 047, 401	6, 142, 201	428, 948
3d-class mail.....	266, 019, 592	471, 914, 026	28, 863, 243	5, 989, 829	4, 744, 124	-233, 511, 972	-124, 882, 891	374, 648, 673	108, 629, 081
4th-class mail ⁹	592, 814, 842	607, 911, 107	29, 634, 251	14, 977, 707	3, 695, 297	-33, 448, 106	-----	626, 262, 948	33, 448, 106
Total, prepaid domestic mail.....	2, 095, 055, 492	2, 511, 473, 274	136, 568, 551	24, 069, 536	21, 778, 527	-550, 695, 324	+54, 217, 895	2, 699, 968, 711	604, 913, 219
Government mail:									
Penalty mail, other depart- ments.....	32, 426, 000	32, 494, 378	1, 741, 918	1, 013, 000	307, 544	-1, 104, 840	-----	33, 530, 840	1, 104, 840
Registry service (free), other departments.....	-----	1, 588, 629	96, 658	1, 685, 287	-----	-----	-----	-----	-----
Franked mail:									
Members of Congress.....	2, 076, 000	1, 853, 165	96, 129	-----	17, 900	+108, 806	-----	1, 967, 194	(108, 806)
Others.....	-----	91, 482	4, 748	96, 230	-----	-----	-----	-----	-----
Total, Government mail.....	34, 502, 000	36, 027, 654	1, 939, 453	2, 794, 517	325, 444	-996, 034	-----	35, 498, 034	996, 034
Free for blind.....	-----	911, 692	53, 532	965, 224	-----	-----	-----	-----	-----
Total, domestic mail.....	2, 129, 557, 492	2, 548, 412, 620	138, 561, 536	27, 829, 277	22, 103, 971	-551, 691, 358	+54, 217, 895	2, 735, 466, 745	605, 909, 253
International mail.....	85, 494, 375	80, 999, 427	2, 611, 485	1, 143, 000	422, 208	+2, 604, 255	-----	82, 890, 120	(2, 604, 255)
Total all mails.....	2, 215, 051, 867	2, 629, 412, 047	141, 173, 021	28, 972, 277	22, 526, 179	-549, 087, 103	+54, 217, 895	2, 818, 356, 865	603, 304, 998
Special services ⁹	224, 893, 389	264, 752, 202	15, 137, 065	-----	2, 915, 965	-57, 911, 843	-57, 911, 843	224, 893, 389	-----
Unassignable revenues and costs.....	7, 419, 824	2, 578, 147	8, 252	-----	3, 591	+4, 829, 834	+4, 829, 834	7, 419, 824	-----
Total mails and special services.....	2, 447, 365, 080	2, 896, 742, 396	156, 318, 338	28, 972, 277	25, 445, 735	-602, 169, 112	+1, 135, 886	3, 050, 670, 078	603, 304, 998
Nonpostal services ⁹	1, 623, 010	16, 197, 152	841, 964	14, 294, 817	14, 597	-1, 135, 886	-1, 135, 886	1, 623, 010	-----
Grand total, all operations.....	2, 448, 988, 090	2, 912, 939, 548	157, 160, 302	43, 267, 094	25, 460, 332	-603, 304, 998	-----	3, 052, 293, 088	603, 304, 998
Deductions:									
Indemnity claims.....	4, 831, 608	4, 831, 608	-----	-----	-----	-----	-----	-----	-----
Embossed envelopes pur- chased.....	8, 519, 953	8, 519, 953	-----	-----	-----	-----	-----	-----	-----
Losses and chargeoffs.....	61, 427	61, 427	-----	-----	-----	-----	-----	-----	-----
Reimbursements:									
Airmail transportation.....	13, 709, 940	13, 709, 940	-----	-----	-----	-----	-----	-----	-----
Nonpostal.....	2, 181, 833	2, 181, 833	-----	-----	-----	-----	-----	-----	-----
Money-order items.....	329, 665	329, 665	-----	-----	-----	-----	-----	-----	-----
Net postal operations.....	2, 419, 353, 664	2, 883, 305, 122	-----	-----	-----	-----	-----	-----	-----

¹ Includes civil service retirement costs for Post Office Department employees amounting to \$125,260,302, computed at 6½ percent of applicable salaries. Effective July 13, 1957, the Department is required to reimburse the civil service retirement fund for such costs. For details see table 90.

² Computed amounts of identified subsidies to specified classes of mail users and expenditures made for public-service purposes, not reimbursed. For details see table 98.

³ To place cost increases during fiscal year 1956, resulting from legislation and only partially reflected in the year, on a full annual basis. Adjustment does not include amounts that would be applicable to public-service items in column 4. For details see table 90.

⁴ Estimated reallocations of costs for intangible ratemaking factors are based on recovery currently of 50 percent of allocated and indirect costs assigned to 2d-class mail, and 75 percent of such costs for controlled circulation publications and 3d class. Reallocations for special services, unassignable items, and that portion of civil-service costs related to civil-service functions for the Post Office Department, are based on the assumption that all allocated and other Government agency costs not recovered on these services as a whole will be borne by the mail services in applying this formula.

Costs are discounted by public-service revenue or cost-credit amounts where applicable before application of this formula. The amount for reallocation to 1st-class and domestic airmail is assigned to those classes on the basis of all costs developed for 1st-class letters and cards and airmail letters and cards.

⁵ This column shows the Department's computation of current revenue needs on the basis of the figures shown and conditions existing June 30, 1956. It does not include any amounts for (1) the Department's planned capital program for modernization of buildings and equipment, for (2) railroad rate increases, pending subsequent to July 3, 1957, for carrying the mails, or for (3) depreciation, currently estimated at \$40 million per year, on public buildings used in the postal service.

⁶ Amounts shown include revenue from weight in excess of the 1st ounce on each piece, amounting to \$141,449,444 on 1st-class letters. For detailed segregation of revenue and expenditures see table 99.

⁷ Includes paid airmail to and from the Armed Forces overseas, and outlying possessions of the United States. Revenue from weight in excess of the 1st ounce on each piece on domestic airmail letters amounts to \$16,191,545.

⁸ For detailed segregation of revenues and expenditures see table 100-A.

⁹ For detailed segregation of revenue and expenditures see table 100-B.

Mails and services	Revenues	Allocated budgetary expenditures	Nonbudgetary costs or revenue additions			Year-end deficiency
			Costs paid by other Govern- ment agencies	Public service revenue or cost factors (credit)	Increased costs not wholly reflected	
			(1)	(2)	(3)		(4)	(5)	(6)
2d class:						
Exempt publications.....	\$5, 158, 081	\$58, 678, 561	\$3, 149, 540	\$2, 144, 000	\$516, 070	\$55, 042, 090
5 percent or less of advertising.....	1, 102, 189	10, 238, 215	547, 659	-----	90, 013	9, 773, 698
Daily newspapers.....	14, 603, 011	75, 887, 656	4, 067, 619	-----	644, 150	65, 996, 414
Newspapers other than dailies.....	2, 663, 069	24, 864, 508	1, 420, 098	-----	232, 633	23, 854, 170
Magazines and periodicals.....	30, 623, 162	95, 429, 000	4, 949, 707	-----	783, 596	70, 539, 141
Agriculture, business, professional, etc., publications.....	7, 186, 685	30, 752, 242	1, 644, 572	-----	266, 785	25, 476, 914
Religious, educational, welfare publications.....	199, 491	2, 223, 459	128, 710	-----	21, 326	2, 174, 004
Exempt classroom publications.....	440, 752	2, 418, 825	113, 408	119, 000	17, 950	1, 990, 431
Total paid publishers' 2d class 1.....	61, 976, 440	300, 492, 466	16, 021, 313	2, 263, 000	2, 572, 523	254, 846, 802

Footnotes at end of table.

Mails and services	Revenues	Allocated budgetary expenditures	Nonbudgetary costs or revenue additions			Year-end deficiency
			Costs paid by other Govern- ment agencies	Public service revenue or cost factors (credit)	Increased costs not wholly reflected	
	(1)	(2)	(3)	(4)	(5)	(6)
Transient.....	\$3, 042, 266	\$3, 910, 892	\$193, 970	-----	\$20, 952	\$1, 093, 548
Publishers' returned, form 3579.....	872, 078	-----	-----	-----	-----	² (872, 078)
Free in county (2d class).....	-----	14, 008, 854	835, 936	\$839, 000	135, 956	14, 141, 746
Total, 2d-class mail.....	65, 890, 784	² 318, 412, 212	17, 051, 219	3, 102, 000	2, 739, 431	269, 210, 078
4th class:						
Local delivery.....	10, 248, 785	10, 628, 387	721, 550	-----	92, 464	1, 193, 616
Zones 1 and 2.....	140, 156, 427	138, 699, 582	8, 642, 614	-----	1, 069, 108	8, 254, 877
Zone 3.....	86, 740, 848	86, 563, 337	4, 860, 667	-----	598, 757	5, 281, 913
Zone 4.....	97, 570, 439	97, 400, 363	4, 717, 805	-----	583, 582	5, 131, 311
Zone 5.....	90, 281, 417	91, 251, 779	3, 672, 472	-----	457, 018	5, 099, 852
Zone 6.....	41, 650, 357	42, 112, 213	1, 440, 520	-----	179, 449	2, 081, 825
Zone 7.....	33, 016, 680	33, 068, 897	975, 435	-----	122, 120	1, 149, 772
Zone 8.....	52, 536, 203	51, 185, 351	1, 355, 494	-----	167, 782	172, 424
Total, zone rates.....	552, 201, 156	550, 909, 909	26, 386, 557	3, 270, 250	-----	28, 365, 590
Catalogs (pt. 135.12 Postal Manual).....	19, 335, 390	21, 422, 911	1, 399, 147	-----	187, 998	3, 674, 666
Books (pt. 135.13 Postal Manual).....	19, 909, 451	33, 165, 389	1, 696, 120	13, 255, 938	217, 764	1, 913, 834
Library books (pt. 135.14 Postal Manual).....	679, 716	2, 351, 744	149, 199	1, 672, 028	18, 883	168, 082
Matter for blind at 1 cent per pound.....	11, 413	61, 154	3, 228	49, 741	372	3, 600
Domestic mail fees.....	677, 716	-----	-----	-----	-----	² (677, 716)
Total 4th class mail ⁴	592, 814, 842	² 607, 911, 107	29, 634, 251	14, 977, 707	3, 695, 297	33, 448, 106

¹ Revenue includes \$102,354 from 2d-class application fees.

² Denotes year-end excess of revenues.

³ Includes apportioned expenditures of \$1,225,296 for post office penalty mail, post office registry, and for the payroll deduction system.

⁴ Revenue includes \$2,215,779 from special handling service.

⁵ Includes apportioned expenditures of \$895,227 for post office penalty mail, post office registry, and for the payroll deduction system.

NOTE.—The above segregation of the computed total expenditures chargeable to 2d class and to 4th class, and of revenues to zones for 4th class matter have been developed by processes of approximation.

Mr. REES of Kansas. Mr. Chairman, I yield 5 minutes to the gentleman from Michigan [Mr. CEDERBERG].

Mr. CEDERBERG. Mr. Chairman, this matter of increasing the postal rates is a subject, of course, of great concern to everyone in the United States.

When the postal deficit reaches 1 billion a year, then it is time that we took notice. Either we have been charging far, far too much for postal rates in the past or we are not charging enough now. If it was fair to send a first-class letter for 3 cents in 1932, a rate of 4 cents certainly is not out of order at this time.

As a matter of fact, as I said before, this rate bill is already antiquated in view of all of the other increases that have been voted for the Department, in the way of salary increases and other expenses and rates to the railroads. It seems to me that what we ought to do is not to talk about a 4-cent letter but we ought to be talking about a 5-cent letter. It is also strange that some of those who are opposing the first-class rate offered an amendment in the committee to cut the second-class rate and third-class rate below what is proposed in the committee bill. How are you going to do anything about the revenues of the Department in face of that? Let us look at the various classes of mail.

First-class mail, of course, receives preferential treatment. You are allowed to send a letter and seal it to any place in the United States for 4 cents. I say to you it is about the best bargain in the world today. But unless we are going to do something about first-class mail there will be nothing done about the deficit in the Post Office Department; it is going to have to be absorbed by the general taxpayer. Why should he have to pay it?

Seventy percent—and I believe that to be a conservative estimate—of all the

first-class mail in the United States is sent by business houses; only 30 percent is sent by individuals. If that be the case, it would indicate to me that the individuals are subsidizing through the tax rolls the first-class users of mail as much as they are the second or third-class users.

Mr. CRETELLA. Mr. Chairman, will the gentleman yield?

Mr. CEDERBERG. I yield to the gentleman from Connecticut.

Mr. CRETELLA. Is it not true, I ask the gentleman from Michigan, that testimony before the committee revealed that the reason for the high cost of first-class mail was the special treatment it got for night service, night delivery, and the 10 percent increase in wages for night differential, and that it added to the 75 percent the gentleman is talking about? Actually it is the business people who are paying for that service that they demand, and they demand Saturday service as well. They should pay for it.

Mr. CEDERBERG. The gentleman is entirely correct.

Mr. PORTER. Mr. Chairman, will the gentleman yield?

Mr. CEDERBERG. I yield to the gentleman from Oregon.

Mr. PORTER. Is it not also correct that according to the accounting procedures, first-class mail pays more than 98 percent of its way?

Mr. CEDERBERG. No; I would say according to the cost ascertainment system as presented to our committee, first-class mail does not pay its way.

But as to rates on these other classes of mails, there was not one single amendment offered when the bill was under consideration in the committee to raise second- and third-class rates over and above what was provided by the committee.

In all this matter the simple question is: Do you want a deficit of \$1 billion a year in the Post Office Department, or do you not? It is just that simple.

Mr. PORTER. Will the gentleman yield for one more question?

Mr. CEDERBERG. I yield.

Mr. PORTER. Is it the gentleman's position that first-class mail users should pay more than the actual cost of the service they get just so second- and third-class does not show a deficit?

Mr. CEDERBERG. No; I do not say that at all; as a matter of fact I am not one who believes that the Post Office Department should be run entirely as a self-supporting organization; I do not happen to hold that point of view. But I say when you have a billion dollars a year deficit it is about time you revised the rates we have been charging over the past 20 years, especially in view of the increased costs in the Department. There should be an increase in the rates. I think that is justified. I cannot see anything wrong with that. I think when you can send a single letter for 4 cents anywhere in the United States, it is still the best bargain that is available in this country.

Mr. SANTANGELO. Mr. Chairman, will the gentleman yield?

Mr. CEDERBERG. I yield.

Mr. SANTANGELO. Is it not a fact that the bill which passed the House last year with respect to second-class mail and the rate applicable thereto were higher than the rates which are embodied in the bill which was approved by the Post Office Committee? And if so, why is it that when we are trying to balance the budget that we do not increase the rates commensurate with the service rendered for second-class mail?

Mr. CEDERBERG. In the first place I think that in last year's bill second-class mail was treated on a different

basis, on the basis of the amount of advertising contained.

Mr. SANTANGELO. And the rate was higher than is contained in this year's bill.

Mr. CEDERBERG. No, I do not think that is entirely the situation, and I want to be corrected if I am wrong. I believe the gentleman from Oregon [Mr. PORTER] offered an amendment to reduce the second-class rate instead of having four 15-percent increases, having four 10-percent increases. I think the gentleman from New York went along with it.

Mr. SANTANGELO. As a matter of fact, I offered an amendment which would increase the rate to 20 percent instead of the 15 that is in the bill. The gentleman is incorrect.

Mr. CEDERBERG. We recognize that we would get into trouble on volume. I stand corrected.

Mr. SANTANGELO. The fact is that the rate last year was 30 percent higher than the rates fixed in this bill for magazines containing advertising, whereas this year when we are trying to raise rates to meet the cost you have not increased it to the extent necessary to do this.

Mr. CEDERBERG. Does the gentleman intend to offer an amendment to do that when we get to that point in the bill?

Mr. SANTANGELO. I intend to offer an amendment with respect to second-class mail.

Mr. CEDERBERG. Then I will discuss it with the gentleman at that time. From attending the hearings I have come to the conclusion that if we increase the second-class mail to cover all of the different expenses as shown in the cost ascertainment system, we will take all of the profits of all of the publishers of the United States and wipe them out. When we talk about cost ascertainment you have to remember that what we have involved here is an allocation of those costs, even though some of them would not exist if we did not have first-class mail.

The CHAIRMAN. The time of the gentleman from Michigan has expired.

Mr. REES of Kansas. Mr. Chairman, I yield the gentleman 2 additional minutes.

Mr. CEDERBERG. If we only had the facilities to handle second-class mail we could do away with a tremendous amount of expense, a good deal of that expense that is allocated in the cost ascertainment system to first-class mail. That occurs because of some of the facilities we have available for first-class mail.

Mr. SANTANGELO. Is it not a fact that the Postmaster has come in with the doctrine of intangible factors which we cannot isolate, which we cannot estimate, which we cannot figure out, to show that first-class mail has taken a loss?

Mr. CEDERBERG. I do not think there is anything wrong with intangible factors. There are a lot of intangibles in many areas. A lot of businesses use them in the pricing of their products.

The question is, do you want the Post Office Department to operate at a billion-dollar-a-year deficit, 70 percent of which in first-class mail is picked up by the business houses and also second- and third-class and let the general taxpayers pay the bill?

Mr. CANFIELD. Mr. Chairman, will the gentleman yield?

Mr. CEDERBERG. I yield to the gentleman from New Jersey.

Mr. CANFIELD. Many Members of the House periodically take polls among their constituents. Does the gentleman know what those polls show regarding this question of realistic postal rates?

Mr. CEDERBERG. The overwhelming sentiment of the polls is in favor of a postal rate increase. Those who are for a postal rate increase in first, second, and third class are for saving the constituents some money. Instead of paying it through the tax window they ought to pay it through the stamp window.

Mr. CANFIELD. They are the losers?

Mr. CEDERBERG. They are the losers. It is the average individual who is picking up the burden through the tax window.

Mr. LAIRD. Mr. Chairman, will the gentleman yield?

Mr. CEDERBERG. I yield to the gentleman from Wisconsin.

Mr. LAIRD. I wish to commend the gentleman from Michigan for his very fine statement. I think there is no Member of the House who has a clearer understanding of the operation of the Post Office Department than does the gentleman from Michigan [Mr. CEDERBERG].

Mr. CANFIELD. We who serve on the Appropriations Committee handling Post Office Department funds have faced this recurring deficit year after year and we know that what the gentleman says is true. All of our membership, Democrats and Republicans alike, want to see this bill passed today.

Mr. CEDERBERG. It is just plain commonsense and something we should have faced long ago, but Congress has been negligent in not doing so.

Mr. MURRAY. Mr. Chairman, I yield 4 minutes to the gentleman from California [Mr. HOLIFIELD].

(Mr. HOLIFIELD asked and was given permission to revise and extend his remarks.)

Mr. HOLIFIELD. Mr. Chairman, the Post Office Department recovers now 85 percent of its cost of operation. In other words, its deficit is about 15 percent. There is no other department of Government that has this record.

The question is, Who shall pay this deficit? Shall it be paid by the classes of mail users, second- and third-class people, or shall it be paid by the 3- and 6-cent letter user or shall it be paid by all of the people all over the United States?

This bill does not fasten the deficit on second- or third-class mail where the deficit occurs. It fastens it on first-class mail where the profits are. I hold in my hand the 1956 cost chart furnished us by the Post Office Department, and it shows

that first-class mail makes about \$32 million profit; second-class mail loses about \$252 million and third-class, \$206 million.

Now, they have a phony cost ascertainment program in which they include intangible factors. Now, an intangible factor, if you put it in your income tax return, they will send you to the penitentiary for it. But, they put an intangible factor in here of cost on first-class mail in order to bring up the first-class mail to a point of deficit. So, do not be fooled with that.

Now, the position of some of the Members is going to be this: I voted for the raises for the employees; therefore I should vote for the rate raise. Well, I want to show you the fallacy in that. The gentleman from Indiana [Mr. HALLECK], the gentleman from Kansas [Mr. REES], and several other gentlemen, including our chairman, have said that the President is going to veto the postal employees pay bill and the classified Federal employees pay bill, but he will sign this one. So, all of you folks who voted for the pay raise bills and who are going to vote for this bill, just remember when the President vetoes the first two bills, you have walked into a trap. You are voting to carry some \$400 million or more back to your little 3-cent letter user and your 6-cent letter user of airmail in the place of letting all of the people of the United States carry this deficit as has been the policy of the Post Office Department for over 170 years. Just remember those facts when you get ready to vote for this rate increase. You are walking into a trap. And, when they tell you that the first-class mail does not pay its way, they have got to resort to a newfangled intangible factor of cost and place it on the first-class mail in order to show a deficit.

Mr. SANTANGELO. Mr. Chairman, will the gentleman yield?

Mr. HOLIFIELD. I yield to the gentleman from New York.

Mr. SANTANGELO. Is it not a fact, sir, that, even if this bill were to go into effect, the Post Office Department would be operating at a deficit to the extent of 5 percent?

Mr. HOLIFIELD. The deficit of the Post Office Department, even if this bill goes into effect, will be \$89 million, figured on 1956 figures. And, of course, it will be more than that in 1957 and 1958.

Mr. SANTANGELO. And the losses are incurred in the operation of the second- and third-class mail?

Mr. HOLIFIELD. The second-class mail in 1956 incurred a deficit of \$252 million and the third-class, \$206 million, or a deficit of \$458 million; and those are the Post Office Department's own figures.

Mr. REES of Kansas. Mr. Chairman, I yield 3 minutes to the gentleman from New York [Mr. REED].

(Mr. REED asked and was given permission to revise and extend his remarks.)

Mr. REED. Mr. Chairman, it will be my purpose in the brief remarks I shall make at this time to speak in support of H. R. 5836 and to urge my colleagues in the House to vote in support of this meritorious legislation.

The legislation now under consideration is substantially in accord with the schedule of adjusted postal rates proposed by the distinguished Postmaster General in his letter to the Speaker of the House of Representatives dated March 7, 1957. It is my view that the Congress of the United States should give careful heed to the recommendations of Postmaster General Summerfield who has rendered such great public service to the American people since joining the Cabinet of the Eisenhower administration and assuming principal responsibility for the conduct of our vast postal service. General Summerfield assumed public office after distinguishing himself first as a private citizen in business and in personal life. Under the guidance of General Summerfield and as a consequence of his dedicated ability and integrity in office our Nation's postal service has achieved greater efficiency and has rendered a more complete service to the American public than have ever before been realized in our Nation's history. Under the direction of General Summerfield we have had 1,700 new postal facilities developed with private capital through the use of the straight commercial lease arrangement. Under General Summerfield our postal transportation system has been standardized and modernized. Mail delivery and postal services have been improved at less cost and less indebtedness to the taxpayers of our Nation. It is because of that distinguished record of accomplishment achieved by General Summerfield that I say to the Members of the House that it is appropriate for us to give careful heed and favorable consideration to his recommendations with respect to an adjusted postal rate schedule.

Mr. Chairman, there are certain areas in connection with the rendering of services and the making available of goods and facilities where it is appropriate for the Federal Government to apportion the cost of such functions among the users who are benefited thereby rather than imposing the cost burdens on the taxpayers generally. One example where such user cost apportionment is appropriate is with respect to our Nation's highways. This concept was established by the Highway Revenue Act that was enacted during the 84th Congress. Another example where such user cost apportionment is equally appropriate is with respect to the postal services provided by our Federal Government. We are all aware of the large deficits that annually occur in connection with our postal services that the Congress is called upon to offset by appropriations from the general funds of the Treasury and from the tax collections which our Federal Government exacts from our Nation's citizens. The reason these annual deficits must be offset is that the postal rates charged for our postal services are not commensurate with the cost of maintaining such services. Accordingly, Mr. Chairman, if we as the elected Representatives of the American people are to be consistent in our efforts to obtain reduced budgetary expenditures, reduced Federal taxation, and reduced

public indebtedness, we should support the enactment of H. R. 5836.

Mr. MURRAY. Mr. Chairman, I yield 4 minutes to the gentleman from Michigan [Mr. LESINSKI.]

(Mr. LESINSKI asked and was given permission to revise and extend his remarks.)

Mr. LESINSKI. Mr. Chairman, recognizing that the Post Office Department has expanded considerably since 1932 and that costs for handling mail have increased proportionately, I agree that postal rates should be increased. However, I must disagree with the proposed increase from 3 cents to 4 cents in first-class-mail rates at this time. I would not oppose the increase in that class of mail if the rates of the other classes were increased so that they would pay a fair share of the cost of handling.

The American public and we in Congress have been made aware of the large deficit, \$252 million in 1956 and approximately \$270 million this year, in second-class mail. This has been largely the result of increased costs of handling without proportionate increases in rates.

In 1934 the rates of second-class mail, that is publications, were cut to assist publishers to recover from the business recession and to stimulate the publishing industry. Since then the greatest increase in costs to the Department in relation to quantity mailed has been in this class.

Let us compare first and second class per pound, piece, income and expense for 1956:

	Pieces	Weight	Income
1st class.....	30,000,000,000	873,000,000	\$1,009,832,000
2d class.....	6,914,000,000	2,902,000,000	65,890,000

Total postal revenues were over \$2.4 billion.

True, there are 30 billion pieces in first-class mail and only 7 billion in second class, a ratio of $4\frac{1}{2}$ to 1 or 22 percent. On that basis, 22 percent of the \$1 billion that first class brings in amounts to \$220 million; but according to the Department's own regulations second class takes twice as long to handle, so the actual figure should be \$440 million. Yet the Department shows a deficit of \$270 million. This bill does not correct the present inequities in the postal-rate schedule.

As you can readily see, the income of \$66 million shows that second-class mail pays only 2.7 percent of the income to the Department, against the 41 percent paid by first class. Still second class has three times as much weight as first class. Anyone of us who have shipped items knows that there is a minimum charge on shipments but weight is the principal factor in cost. Furthermore, first class brings in 16 times more revenue than second class and consists of less than a third of the weight. Even in number of pieces, first class has only 4.5 times as many pieces against that 16 times the receipts.

If we take an average pound of letters—40—and multiply it by 3 cents, we get \$1.20. A 1-pound magazine costs less than 2 cents to mail. This, of course,

would be increased according to zone. Many lighter magazines go for one-eighth, one-quarter, or one-half cent per piece and these magazines take longer to handle than regular mail. The typical popular magazine costs the Department 6 cents to handle.

It is claimed that second-class mail is like a hitchhiker—first class has to be carried anyway. This comparison would be good if it were so. Unfortunately, a bus rather than an automobile would have to be used to carry all of the hitchhikers that would be picked up.

I am not saying that second class should pay all of its way, but it should pay at least 50 percent. It is presently paying only $19\frac{1}{2}$ percent. According to the Department, the present bill will provide for 29 percent. There is evidence that the Department has placed a larger burden of cost on first class than previously. Therefore, I doubt the accuracy of that figure for their other figures show only 2.7 percent of total income comes from second-class mail.

In 1951 the committee reported out a 60-percent increase in second-class mail rates which was disapproved so as to protect small publishers. It was cut by the House to 10, 10, and 10, or 30 percent. It was recognized by the Postmaster General at that time that the rate increase should be 100 percent before there should be any first-class increase, though he settled for less. The present bill falls short of even that 1951 objective and still leaves second-class mail paying well under a third of its cost, compared to first-class mail, which is to be saddled with one-third more than its cost.

Second class is far from paying its own way, and the rates should be increased by at least 80 percent at this time. Even with such an increase, it would pay only 37 percent of its cost. For the large publishers the increase will add very little to the costs of the magazines, as compared with present costs. In testifying before the committee, representatives of many publishers carefully avoided admitting how small a part of their total costs the postal rate increase would be. The increase, of course, largely would be passed on to the advertisers in any event. Leading experts in the field testified that such an increase would amount to less than 3 percent of the total costs of the firms doing the advertising, who really pay the bill.

According to testimony, publishing costs—labor, raw material, and so forth—have increased 10 percent annually since 1956. Since that date, the overall increase has been 110 percent in costs other than mailing. Second-class-mail rates have been increased 30 percent. The expenses of the Department have also increased; so second-class rates should be increased properly to reflect the added costs of handling. It is not fair that the users of other classes of mail should continue to subsidize users of second-class mail to such a large degree. Ever since 1934 publishers have been reaping benefits without precedent. Gone is the nickel magazine; now we have the 20-cent copy.

As with the escalation of income taxes, magazines having a lesser volume should be given a lower rate than the bill provides; that is, 10 percent annually for 4 years, so that they may also be given the privileges the other publishers have received since 1932. Mr. Stans, in his testimony before the committee—pages 849 and 850, postal rates hearings—said that a rate differential on second class could be worked out. Apparently, pressures made him change his mind, and at a later date before an executive session of the committee he stated that he would oppose any rate differential and that the bill should be reported out as submitted by the Post Office Department.

Many publishers using second-class mail request time value which costs the Department huge sums of money each year. "Time value" is the terminology applied to the situation in which the publisher of a magazine or paper requests that the Department deliver the publication through the mail on a specific date. Often the material is brought into the post office the day or evening before it is to be delivered. This requires the Department to put on extra employees so as to get the mail out on the specified date. Second-class mail is not intended to receive preferential treatment and is supposed to be handled following the sorting of first-class mail during slack periods. Second- and third-class mail are to be used as a fill-in for the postal employees. The time value does not allow the Department to have a maximum number of employees on for steady employment and throws postal employment schedules off. I therefore recommend that any publisher requesting time value pay first-class mail rates. This would either increase the revenue of the Department in second class and give second class the same priority that first class is intended to receive or else cause the publishers to deliver their publications a few days in advance so as not to crowd the post offices a few days every week or month, depending on the type of publication. It will allow a more even flow of mail in the Post Office Department at a saving to the Department.

Third-class mail has also had a substantial deficit and the bill provides that the increases will bring revenues from this class up to about 80 percent of the cost of handling, according to cost ascertainment. Although I believe the increases should be spread out over a longer period, at least they are comparatively in line with what they should be.

Postal cards were increased from 1 cent to 2 cents in 1951. That was a 100-percent increase. Although the postal card has been called the poor man's mail, it is seldom used as such today by individuals, and a large portion of the cards are used by advertisers and publishers. However, we must not forget that the postal cards at the present 2-cent rate are also serving civic, political, fraternal, and other organizations as a means of informing their members of meetings, affairs, and so forth. Although the 2 cents, it is recognized, does not pay the way, I believe the time schedule for increasing the postal card rate is too soon and that the increase should be put off

until some future date. The increase from 2 cents to 3 cents at this time will put a heavy and unwarranted burden on the organizations that are of such vital importance to America.

Based on all the information available, it can readily be seen that the low rates, large bulk, and slower handling of second-class mail are bringing about a tremendous expense to the taxpayers of this country. It is in that class where the principal raise should be.

The bill repeals the provision in the Civil Service Retirement Act of 1956 relating to the payment of the Department's contribution to the retirement fund from the Federal Treasury. The intent of the amendment is to saddle postal rates with retirement costs for which there is no established precedent. It is absolutely inequitable that our citizens should be taxed through postal rates to pay retirement of our Federal employees. The Congress just last year laid down the policy that these retirement costs are not properly for consideration in determining postal rates. This repealer, therefore, represents a complete reversal of that sound policy. It should be struck out of the bill.

Mr. Chairman, we have heard a lot of arguments here today; I will let some of them ride. First of all I would like to leave in the minds of the members of the committee a few figures. Second-class mail provides one-sixteenth of the revenue of first-class mail. First-class mail pays \$1,010 million. Second-class mail pays \$65 million. Second-class mail has three times more weight than first-class mail. The exact figures are 873 million pounds in first-class mail and 2,902 million pounds. Talk about second-class mail paying its way. You know, it is a funny thing, it depends upon whose ox is gored. It depends on who are the friends of the administration.

Mr. Brumbaugh, of the Luce publications, said that second-class mail was making money for the Post Office Department. Do you realize that the postal regulations show that it takes twice as much time to process second-class mail? Their own regulations show that.

Let us talk about pieces of mail. Second-class has one-third the number of pieces of first-class mail. If you take one-third of \$1,010,000,000, you get a figure of over \$337 million. But it is only bringing in \$65 million. That is the reason for the proposed increase in the first-class mail. It is not that they do not need the money at this time. The facts are, according to the figures of the Post Office Department, second-class mail brings in only \$65 million. With reference to what has been said about increasing second-class mail, Postmaster General Donaldson in 1951 requested 100 percent. The committee cut that down to 60 percent. They did not want to hurt small business. That was taken in 3 steps of 20 and 20 and 20. The House, in Committee of the Whole in 1951, cut it down to 30 percent or 10, 10 and 10, because they were afraid of hurting small business. I offered an amendment in the committee to increase second-class mail from 15 to 20 percent to

small publishers. That increase would have represented about \$10 million more in second-class mail. Therefore, to say that no one has offered an increase in second-class mail I think is wrong.

Mr. CEDERBERG. Mr. Chairman, will the gentleman yield?

Mr. LESINSKI. I yield to the gentleman from Michigan.

Mr. CEDERBERG. The gentleman recognizes that the 20-percent increase he offers and the limitation on the press run of magazines would in effect help the big magazine more than it would the little fellow. Life magazine would get a better break under that proposal than the little fellow would. They publish every week. The monthly magazine at the same rate would be harder hit.

Mr. LESINSKI. Under the income tax law every man, whether he makes a million or a thousand dollars a year, has an exemption of \$600. All corporate taxes on the first \$25,000 is 30 percent. After that, 52 percent. This simply follows a precedent already established in other Government operations.

Mr. REES of Kansas. Mr. Chairman, I yield such time as he may desire to the gentleman from Washington [Mr. Pelly].

Mr. Pelly. Mr. Chairman, the Federal Treasury does not collect revenues like we receive our pay in equal monthly installments. In fact during the late fall months in particular, I understand, tax payments decline, and as a result the Government has to make additional short term borrowings in order to pay its bills.

It is quite obvious, Mr. Chairman, that all Federal agencies have been under executive pressure to assist in every possible way in curtailing expenditures which deplete the cash balances of the Treasury and increase the national debt, which debt temporarily had to be raised twice during the past 4 years.

In the ensuing months and especially around November, as I said, there will be a short period when the Treasury Department will find itself very close to the debt limit set by Congress. There might easily be a situation where payments would have to be deferred. Adjustment in Federal employee salaries and other needed increases in cash outgo which Congress votes I believe will greatly aggravate this situation. That explains one reason why the administration opposes pay adjustments.

As for me, I realize under a popular demand for economy, for Congress to raise, even temporarily, the debt limit would not be politically expedient, nor is this proposal to increase postage revenue pleasant from a political standpoint. But if the United States during the next 4 or 5 months is going to pay its bills and meet its payrolls, and still stay within the legal limit on the national debt, there must be more income coming in. The 1932 scale of postage rates and income of the Post Office Department will not cover 1957 scale of expense and outgo. Therefore to avoid a billion per year postal deficit I feel the users of the mail service should increase the amount they pay for their service, and I will vote accordingly.

Meanwhile it seems to me better public understanding of the fiscal needs of our Federal Government is in order.

After all, when the Eisenhower administration took over, there was an \$80 billion carryover of authorized but unexpended liabilities. Today, that figure has declined, I understand, to \$70 billion. In other words, we are better off, as a Nation, to the extent of two balanced budgets and a \$10 billion reduction in the amount of future contractual payments it will be necessary to make.

Perhaps figures make dull listening, and I am sure they are difficult to understand. However, it seems to me that the public should be given more facts. What we need now, it may well be, is a financial report from our President. We in the Congress could use more information, and informed constituents are equally important because in the last analysis public opinion is the most powerful force in the affairs of a democracy.

Mr. CANFIELD. Mr. Chairman, will the gentleman yield?

Mr. PELLY. I yield to the gentleman from New Jersey.

Mr. CANFIELD. The gentleman has just listened to a presentation by the distinguished gentleman from New York [Mr. REED]. Mr. REED is not only the Republican dean of the House of Representatives, having served in this body longer than any other Republican, he is also one of the greatest tax authorities in the United States and in the world. We should give great weight to his counsel, his plea for this bill.

(Mr. PELLY asked and was given permission to revise and extend his remarks)

Mr. REES of Kansas. Mr. Chairman, I yield 3 minutes to the gentleman from California [Mr. GUBSER].

Mr. GUBSER. Mr. Chairman, I should like to address myself briefly to two points. As many of you know, I had the privilege of serving on the Committee on Post Office and Civil Service for 4 years, and during that service listened to in excess of 12 solid weeks of hearings. That is why I feel qualified to address myself to these two points.

The first is the point made by the gentleman from Michigan [Mr. LESINSKI] to the effect that there is a great deal more weight carried as second-class mail and, therefore, it should be expected to bear as large a portion of the cost of running the Post Office Department as does first-class mail. I think you can answer that point with one simple question: Which costs the most, to move coal with all its weight of to move diamonds? Obviously, you give the diamonds preferential handling, and the move costs more.

The other point to which I should like to address myself is the implication which has gone through this entire debate. It has been implied that this bill constitutes a change in policy, that it will call upon the users of first-class mail to carry an increased and unjust share of the cost of running the Post Office Department. I submit to you that this is not a change in policy at all. From 1933, and for a great many years thereafter, we charged 3 cents to carry a first-class

letter. Since 1933 costs have gone up, to my knowledge, in excess of 115 percent. In 1933, 3 cents presented more opportunity for profit to the Post Office Department than 4 cents would present today.

This is the same policy we have had since the days of Ben Franklin. It is the policy we followed right after 1933. In no sense is it a change of policy at all.

Mr. LESINSKI. Mr. Chairman, will the gentleman yield?

Mr. GUBSER. I yield.

Mr. LESINSKI. The gentleman was a member of the committee and has knowledge of proceedings in the Post Office. Is it not true that certain publications ask for time value? That is, they requested that the mail should get out by a particular day—meaning that if the mail comes in on Thursday, it should be delivered on Friday and that that costs the Department a lot of money?

Mr. GUBSER. That is correct. However, the gentleman has been around post offices a great deal and he will not contend, I am sure, that handling a certain type of magazine or newspapers or publications is difficult or as time consuming nor does it necessitate the qualified personnel to put the mail into individual pigeonholes for individual addresses, as is required in the case of first-class mail.

Mr. LESINSKI. I would like to correct the gentleman. The regulations of the Post Office Department that cover sorting it calls for twice as much time as regular mail.

Mr. GUBSER. I would argue that point. However, this is not the time or place for it.

The CHAIRMAN. The time of the gentleman from California has expired.

Mr. MURRAY. Mr. Chairman, I yield 4 minutes to the gentleman from Oregon [Mr. PORTER].

Mr. PORTER. Mr. Chairman, we hear a lot of talk about the deficit here and that this increase, especially the increase in first-class mail rate is going to do something about the deficit. I would like to see the deficit in Government taken care of, but I do believe if we are going to raise the price of any class of mail above what it costs, then we are levying a tax. That is what is happening here. This is not a very technical bill. This is a bill that every Member of the House can understand quite readily. Let me give you just three very simple sets of figures here which show you what is happening in this bill. These are from figures supplied by the Postmaster General. These are figures that come out of the normal cost ascertainment processes or the usual business way of figuring out what your costs are. Now what is happening to the first-class mail? Right now, taking the Postmaster General's figures, which are very much weighted against first-class mail—but just taking them, the first-class mail pays more than 98 percent of its way. Yet, this bill would raise it to 132 percent. Second-class mail goes from 21 percent to 31 percent. Third-class mail goes from 56 percent to 83 percent. I want to make clear here that it is

highly unfair, not to mention improper, for the Committee on Post Office and Civil Service to be raising the rates on the first-class mail users. Mr. Coleman, president of the Chamber of Commerce, agreed in the committee that the users should pay for the service they get. Why should the first-class mail users pay more than the service he gets? He should pay for the service he gets. You say all the users should pay for the services they get. I think, if this House could decide on the percentage of subsidy for second- and third-class mail, if any, our committee has to decide first and our committee has not decided it. In other words, if the second-class mail, the newspapers and magazines should have any kind of a subsidy, we in the committee should recommend the percentage to this House and we have not done it. If the third-class mail, the people who send out so much advertising through the mails, and many small businesses are represented who use this kind of medium, and they should, they should be protected, and our committee should decide what it should be. Should that carry a 25 percent subsidy from the Treasury. Should the newspapers and magazines get a 50 percent subsidy? I do not know. We have no evidence on that in our hearings. We did not consider the consequences of these raises. The raises in second- and third-class mail are irresponsible raises. They are arbitrary. They have no basis in any facts which appeared before our committee. The Postmaster General thought them up using intangible factors and came up with something that looks as though it will balance his books as though the Post Office Department any more than any other department of the Government was actually just a business that ought to pay its own way. I think it should pay its own way to the extent that Congress decides and Congress has never decided. Congress has never faced up to how much second-class and third-class mail should be paid out of the general treasury. The first-class mail people should not be saddled with this burden. As for this argument, "Well, at 4 cents, it is a bargain." At 10 cents, it is a bargain to take a letter from here to my home State of Oregon—at 20 cents, at 20 dollars, it is a bargain. But, that is not the point. The point is what is the cost? The cost is determined by the Postmaster General's employees and they say that 3 cents is adequate.

The CHAIRMAN. The time of the gentleman has expired.

Mr. REES of Kansas. Mr. Chairman, I yield 5 minutes to the gentleman from Pennsylvania [Mr. CORBETT].

(Mr. CORBETT asked and was given permission to revise and extend his remarks.)

Mr. CORBETT. Mr. Chairman, as I have listened to this debate today I have come to the conclusion that we should perhaps criticize our great Rules Committee for not bringing this bill in under a closed rule. I have listened to the welter of statistics, misinformation, lack of conception, and general confusion. I do not know how any of the Members of this House who did not sit through the

hearings could possibly make an accurate decision as regards this very complex business of fixing postal rates. Certainly, if there is any justification for bringing a tax bill here not subject to amendment, there should be justification for bringing rate bills here that are not subject to amendment either. So, at the outset, while I am not enthusiastic about this bill, I do hope that the House in its wisdom will see fit to pass this bill as it is written, without any amendments to the rate structure.

I want to emphasize this. I have good friends who are saying, "You should not raise the price of first-class mail to 4 cents," yet they want to raise third-class mail to 2½ or 3 cents.

Do you realize that 7 procedures must be performed by the users of third-class mail, and these 7 steps are very costly, and if we bring the cost of third class to 2½ or 3 cents, too close to the cost of first-class mail, the third-class users will simply dump their mail into the post-office boxes and the Post Office Department would then have to hire tens of thousands of people to collect the mail, to face it, sort it, zone it, and everything else, and the net result would be chaos in the Post Office Department. So you might as well face up to it. This job is complicated. You have to keep one class within the balance of the other or you will throw it all out of kilter. So, when you talk about upping third-class rates and keeping the first-class rates down, you are going to run into trouble.

Mr. CEDERBERG. Mr. Chairman, will the gentleman yield?

Mr. CORBETT. I yield.

Mr. CEDERBERG. As a practical matter, unless you raise the first-class mail to 4 cents, you can do nothing about the third-class mail?

Mr. CORBETT. That is exactly right.

Mr. CEDERBERG. So you might just as well forget anything about raising the third-class rates unless you raise the first-class rates, or else you will cause chaos in the Department.

Mr. CORBETT. Of course. You have got to be logical. There are a number of things to consider. I will not take the time to cover them all.

In times past I have been much opposed to many of these rate increases. I find myself presently able to support this bill because I think basically it is an inflationary adjustment, as someone has pointed out. I think that is its basic justification. All this talk that we ought to pass a rate bill because we passed salary bills—that marriage never should occur, with or without a shotgun. As a matter of fact, what needs to be emphasized time after time is the fact that there is absolutely no relationship between salaries and the revenue of the Post Office Department. Every penny that comes from the sale of a stamp, or any postal service, goes into the Federal Treasury. The Federal Treasury is then called upon to pay so much to run the Post Office Department.

So there is no more connection between postal revenue and postal salaries than there is between postal revenues and the salaries of classified workers.

What Federal employees should receive is a matter we decide in our wisdom.

I think we ought to know something else. There has been all kinds of emphasis today on what first-class mail costs. If we fix rates on the basis of cost alone it will indicate that we are probably the only body in the world that does not understand that cost is only one factor in fixing price, just one factor. Businessmen the world over know that there are many factors that affect cost; and we have given no thought here to anything except what it costs to deliver a piece of mail.

One other thing I want to point out here in determining the proper price or cost of first class or, in fact, of any of these classes of mail: There has not been one word said in this debate today about post office costs included in the deficit which the Congress decided should be saddled on the Post Office Department. This deficit that has been talked about time and time and time again is simply not an accurate representation of the true figures. We have in the last few years finally been able to educate the department downtown to the fact that what you spend in the developing of the postal service is not all properly chargeable to the users of the mails, that some of it is a matter of policy established by this Congress; and, therefore, some important percentage of this deficit is a matter of calculated loss.

The most obvious example is that there should be free mail for the blind, free mail for publications addressed within a county. How can you charge that to users of the mails? That is properly chargeable to the Treasury of the United States.

As I say, you cannot cover everything here.

I have heard it said that Life magazine costs the Post Office Department \$9 million a year to handle. The simple facts of the matter are that the advertising portion of that magazine probably pays its own way now, and certainly will if this bill is passed. You go into all kinds of figures here. We have had all the statistics in the world.

Now, I want to read a part of the bill in the hopes that it will help clarify our thinking. I want to call your attention to this statement on page 13, the beginning of subsection (4):

(4) historically and as a matter of public policy there have evolved, in the operations of the postal establishment authorized by the Congress, certain recognized and accepted relationships among the several classes of mail. It is clear also, from the continued expansion of the postal service and the authorization of certain services rendered or facilities provided at a calculated loss to the Government, that the postal establishment performs some functions in which the public interest outweighs the profit and loss factors which would prevail if the postal establishment were operated solely as a business enterprise.

Subsection (5) reads:

(5) the postal establishment should be operated in a businesslike manner but clearly is not a commercial enterprise conducted for profit and it would be an unfair burden upon users of the mails to compel them to underwrite those expenses incurred

by the postal establishment which are not related to the postal services they receive.

I will say to the gentlemen who are going to oppose this bill that again I do think we have an inflationary adjustment that ought to be made and that if we are not going to take the bill as it comes from the committee we better be most careful of what we do.

Mr. SANTANGELO. Mr. Chairman, will the gentleman yield?

Mr. CORBETT. I yield.

Mr. SANTANGELO. I would like to state for the record that I think the gentleman from Pennsylvania has been eminently fair in the hearings with respect to the proposition of the post office being a public service. I would like to call to the attention of the gentleman from Pennsylvania and of the committee the report of the Citizens Advisory Council which states that the post office is a public service and that there are \$392 million of public welfare items which Congress has indicated should not be chargeable to the post office, but should be a kind of subsidy to the public welfare items, and therefore we do not expect these items to be included in the recoverable cost of the post office.

Mr. CORBETT. The gentleman knows I agree with him at least to a considerable degree.

Mr. SANTANGELO. We should not expect the Post Office to be on a pay-as-you-go basis. We must subsidize to a certain extent.

Mr. CORBETT. In agreeing with the gentleman almost entirely, may I say that there would be a considerable deficit still left if we pass this bill.

Mr. CUNNINGHAM of Nebraska. Mr. Chairman, will the gentleman yield?

Mr. CORBETT. I yield to the gentleman from Nebraska.

Mr. CUNNINGHAM of Nebraska. First of all, I want to congratulate the gentleman from Pennsylvania, a very valuable member of our committee. I want to associate myself with his remarks. Frankly, I think he will agree with me that we know of no real opposition to this bill other than from some second- and third-class users who may have to pay more for their postal service; is that not true? The general public does not seem to have any objection to this. They would rather pay the extra penny on their letters than pay extra dollars at the tax window.

Mr. CORBETT. The gentleman from Nebraska had perhaps a 100 percent attendance record at the committee hearings and proved to be an extraordinary first-term member on the committee. He has made a statement rather than asking a question and I think it speaks for itself.

Mr. MURRAY. Mr. Chairman, I yield 2 minutes to the gentleman from Missouri [Mr. JONES].

(Mr. JONES of Missouri asked and was given permission to revise and extend his remarks.)

Mr. JONES of Missouri. Mr. Chairman, at the proper time I intend to offer an amendment which I offered last year. The amendment was defeated last year, the first vote being 104 to 110. At that time there were a lot of people who mis-

understood the effect of the amendment.

The amendment I will offer at the proper time is to restrict the mailing of reprint from the CONGRESSIONAL RECORD under the congressional frank and to limit those to the States or Territories of the Members, Delegates, or Resident Commissioner.

A practice has grown up among a few Members of Congress, which I think subjects all of us to a lot of criticism because of it, of abusing the frank. I saw in the paper last fall where one member of another body sent out under his congressional frank 9 million copies of a speech that had been placed in the CONGRESSIONAL RECORD. I know that practice is not confined to Members on either side of the aisle.

My amendment would at least signify that Congress is trying to correct some of the abuses which we have brought upon ourselves. I do not think it would be an injustice to anyone and it would save a lot of money.

I would like to see it apply only to the district of the Member or in the case of those Members who represent metropolitan districts to the metropolitan district in which they reside. However, this amendment applies to the State.

The CHAIRMAN. The time of the gentleman from Missouri has expired.

Mr. MURRAY. Mr. Chairman, I yield the gentleman 1 additional minute.

Mr. HOLIFIELD. Mr. Chairman, will the gentleman yield?

Mr. JONES of Missouri. I yield to the gentleman from California.

Mr. HOLIFIELD. I should like to ask a question for information. Last year when the gentleman offered his amendment it applied to the district of the Members. This year he has changed it to apply to the State of the Member?

Mr. JONES of Missouri. That is right. Actually, the amendment that appeared in the RECORD last year said "State." But I intended to offer it to apply the "District." It applied to the State. This amendment I shall offer applies to the whole State. The gentleman from California could mail anywhere in the State of California; it would not restrict him, but it would prevent him from mailing CONGRESSIONAL RECORD reprints under his frank, outside the State, not personal or first-class but only printed matter from the CONGRESSIONAL RECORD. That is junk mail, as I call it. He could not mail it outside California and widespread over the United States.

Mr. CEDERBERG. Mr. Chairman, will the gentleman yield?

Mr. JONES of Missouri. I yield to the gentleman from Michigan.

Mr. CEDERBERG. Would this apply also to the chairman of a committee who might want to send out a great amount of information from a particular committee I am happening to think about?

Mr. JONES of Missouri. I think it would apply to any Member of the Congress. However, the amendment says "under such regulations as the Postmaster may prescribe." So we give him a lot of latitude in that regard.

Mr. CEDERBERG. In other words, the intention of the gentleman's amendment would be not to allow a chairman

of a committee, because he is chairman of a committee, to send, shall we say, propaganda out across the entire 48 States?

Mr. JONES of Missouri. That would be my intention, yes.

Mr. REES of Kansas. Mr. Chairman, I yield 3 minutes to the gentleman from Iowa [Mr. GROSS].

(Mr. GROSS asked and was given permission to revise and extend his remarks.)

Mr. GROSS. Mr. Chairman, I am not entirely satisfied with this bill, and how I vote on it on final passage will depend on what amendments are adopted. I am not impressed by those who have taken the floor this afternoon and complained about the deficit in Government, because some of those who have complained the loudest about deficits have, with the greatest of ease voted for billions of dollars in foreign handouts and many other spending propositions, all of which have contributed heavily to deficits.

Mr. CEDERBERG. Mr. Chairman, if the gentleman will yield, the gentleman was not referring to me, was he? I made one of the statements. Does the gentleman want to exclude me from that statement?

Mr. GROSS. The gentleman understood that I said some, s-o-m-e, Members of the House.

Nor am I impressed by those who point to the pay for postal workers in foreign countries as contrasted with those in the United States. I do not care what they pay them in foreign countries. I am interested in the postal workers of this country. I do know that in some foreign countries they have better mail service than we have in the United States, and I have no doubt that some of the billions that we are shoveling out over there to certain of these foreign countries has helped to provide them with better mail service than we have in the United States. Neither am I impressed by the fact that business will bear the cost of the first-class letter increase, because I am aware, and I think every Member of this House is aware, that as quickly as business can pass on the 1-cent increase in the first-class letter rate, they will pass it right on down to those who cannot pass it on. So, we may as well face up to the fact now that the first-class rate increase will be paid in large part by those who cannot pass it on, the ordinary users of the mail.

Again I say that my support for this bill depends on what happens to it between now and the time the final vote is taken. In view of the steadily increasing costs in the operation of the postal service I feel that some increase in rates is justified.

Mr. MURRAY. Mr. Chairman, I yield 5 minutes to the gentleman from Louisiana [Mr. PASSMAN].

(Mr. PASSMAN asked and was given permission to revise and extend his remarks.)

Mr. PASSMAN. Mr. Chairman, I have requested this time in order to ask the distinguished chairman of the Committee on Post Office and Civil Service certain questions with respect to the postal operations. To further clarify my position I might state that I am a

member of the Treasury-Post Office Subcommittee on Appropriations. Even though the committee of which I am a member has nothing to do with the legislation as such, the committee does have to provide for the appropriation of the money to carry out the laws after they have been enacted.

It is my understanding, Mr. Chairman, that we still have the same first-class postage rate that was established in 1932. Is that correct?

Mr. MURRAY. That is correct.

Mr. PASSMAN. And since 1932 we have had increases in second-class mail and third-class mail?

Mr. MURRAY. The gentleman is also correct.

Mr. PASSMAN. Now, I want to know if the gentleman has had an opportunity to check the information submitted to the Subcommittee on Appropriations, to the effect that in 1932, in order to maintain the Post Office Department on a self-sustaining basis as nearly as possible, even though this was during the period of severe economic depression, the Congress was courageous enough to increase the first-class postage rate from 2 to 3 cents?

Mr. MURRAY. The gentleman is entirely correct. That was done upon the recommendation of the Committee on Ways and Means as a revenue measure and in 1947 the House, by unanimous vote, made that permanent.

Mr. PASSMAN. And is it not true, also, that from 1900 to 1940 the average annual loss of the Post Office Department was only \$33 million?

Mr. MURRAY. On what class of mail was that?

Mr. PASSMAN. That was the total average annual deficit of the Post Office Department, only \$33 million yearly for the 40-year period, 1900 to 1940.

Mr. MURRAY. That is correct.

Mr. PASSMAN. But for the following 12 years the average annual loss has been in excess of \$445 million?

Mr. MURRAY. The gentleman is correct about that.

Mr. PASSMAN. And the total deficit during that period has been in excess of \$5 billion.

Mr. MURRAY. Yes, sir; the deficit has been \$5 billion in the last 10 years.

Mr. PASSMAN. Here are excerpts from some certified figures which came to the committee handling the Post Office Department appropriation, and I should like to ask the distinguished chairman if they are in accord with the figures given him; that, for example, at least 75 percent of all first-class postage is used by businesses.

Mr. MURRAY. It is about 80 percent.

Mr. PASSMAN. And businesses may charge off for income-tax purposes every nickel of that postage as an expense; is that correct?

Mr. MURRAY. Yes, sir; that is right.

Mr. PASSMAN. And only 25 percent of the postage is used by the so-called little man, the average individual?

Mr. MURRAY. Yes, sir. And I will say that those who represent big business, such as the chamber of commerce and the National Association of Manufacturers, have endorsed this proposed increase from 3 cents to 4 cents.

Mr. PASSMAN. Is not it true that it costs a certain amount of money to carry the mail and the difference between the amount collected from the user and the cost of operation must be obtained from the Federal Treasury?

Mr. MURRAY. Certainly, the gentleman is correct.

Mr. PASSMAN. Is not it also true that business pays into the Treasury only 40 percent of the total Federal revenues and the so-called little man, the individual, pays into the Treasury 60 percent of all the money that is received through taxes by the Federal Government?

Mr. MURRAY. I think that is true.

Mr. PASSMAN. So that in any way this matter may be considered, under a continuation of this program of not increasing first-class postage it is a situation where the little man is subsidizing the big man; is not that correct?

Mr. MURRAY. Yes, sir.

Mr. PASSMAN. I wonder if the membership fully understands the fact that 75 percent of all first-class postage is used by business, and that business may charge off, as expense for tax purposes, every nickel of this postage cost. But for the difference between the Post Office Department operating cost and the revenue, it is necessary to obtain the money from the Treasury. And when the money is paid into the Treasury, it is the average individual, the little man, who contributes 60 percent of the total, and the big man 40 percent; is that substantially correct?

Mr. MURRAY. I think that is correct.

Mr. PORTER. Mr. Chairman, will the gentleman yield?

Mr. PASSMAN. I yield to the gentleman.

Mr. PORTER. If the businessman does use 75 percent of the first-class mail and does charge it off as a business expense, that means that the net to the United States Government, looking at this as a revenue measure, as many are inclined to do, is only 48 percent on every dollar of postage paid by 75 percent of the first-class users. So actually the Government does not wind up in as good shape as it has been said it would under this bill.

Mr. PASSMAN. Mr. Chairman, I will say to the gentleman that the Founding Fathers had the courage to put the Post Office Establishment on an almost self-sustaining basis. For 156 years the Post Office Department operated on almost a self-sustaining basis. Now we have built up a postal deficit in the years from 1945 to 1956 of in excess of \$5 billion.

Mr. Chairman, I should like to say further that had we permitted the cost of first-class postage to follow the trend of our overall economy, as practically everything else has done, the rate today for a first-class postage stamp would be 7 cents, and not the proposed 4 cents.

The third-class mail has been increased 38 percent since 1932 and the second-class has been increased 3 percent, while letter rates remain the same. May I ask the gentleman where the opposition comes from to changing a 1932 3-cent rate? I want to know from the gentleman, why he does not actually ask for a 5-cent rate, not a 4-cent stamp. If

I should vote against this bill it would be because the provision is to increase the first-class letter rate only to 4 cents, and not to 5 cents. I represent a predominantly rural district, but I would support an amendment to increase the rate to 5 cents. In reality, if we should follow the trend of the economy and operate as the facts indicate we should do, the proposal now would be for a 6-cent stamp, and not a 4-cent stamp.

Mr. Chairman, prior to concluding, I wish to express my highest regard for Postmaster General Summerfield and my appreciation for the efficient, businesslike manner in which he is endeavoring to operate the Post Office Department. We should support him in this effort, which is definitely in the public interest.

Mr. MURRAY. Mr. Chairman, I yield 5 minutes to the gentleman from Virginia [Mr. GARY].

Mr. GARY. Mr. Chairman, I have heard the statement made on numerous occasions that if the Post Office Department would merely modernize its operations and adopt efficient methods, there would be no deficit. Frankly, when the Democrats were operating the Post Office Department I heard that frequently from the Republicans. I knew then that it was not true. I know now that it is not true. I do not know of a single business in the entire United States that is operating today on 1932 receipts and 1957 expenditures. It just cannot be done.

Modernization and efficiency will help materially in reducing the deficit. It has been my pleasure, as most of you know, to serve as chairman of the Subcommittee on Post Office Appropriations for a number of years. When I was not serving as chairman of that committee, my good friend from New Jersey [Mr. CANFIELD] was the chairman. We have alternated the chairmanship, I think, for the last 12 years.

Mr. CANFIELD. Mr. Chairman, will the gentleman yield?

Mr. GARY. I yield to the gentleman from New Jersey.

Mr. CANFIELD. And we have never disagreed on this issue.

Mr. GARY. Never on this issue, and whenever we have disagreed on any issue we have done so without being disagreeable. I may say, moreover, that during that time there has never been any partisan politics on the committee.

Our committee has been insisting for years on modernization and efficiency in the Post Office Department, and I am glad to say, great strides have been made in recent years in that direction. I can say that a great many of the improvements that have been made were started during the Democratic administration and they have carried over into the Republican administration. The present Post Office Department administration is doing, I believe, a good job of trying to modernize and bring greater efficiency into the Department.

Five hundred or six hundred million dollars is a lot of money, and that is the annual deficit today.

I say \$500 million or \$600 million because I do not think anybody can use a definite figure with reference to the deficit. It is gradually going up every year

and with the increase in postal salaries that the House recently voted, it will be at least \$750 million next year unless we increase the postal rates. There is only one way that the Post Office can operate on anything like a balanced budget and that is by increasing the rates.

Another argument has been used on numerous occasions. It has been said that if you will simply eliminate the subsidies in the Post Office accounting, then you would eliminate the deficit. We have eliminated practically every one of the subsidies. We took out the airplane subsidy that the Post Office was paying, and properly so. There was no reason in the world why the Post Office Department, as such, should subsidize the air lines in the United States. We took out other subsidies which were in the Post Office Department. There are only a few minor subsidies amounting to about \$27 million still left. I believe there is a bill pending before the Congress to eliminate them, and they should be eliminated. What we should do is to put in, as we are now trying to do, and as the Post Office administration is trying to do, a sound accounting system. Then, we should insist that the users of the mail pay the cost of the services which they receive. Otherwise, what do you have? You have the Post Office Department subsidizing the users of the mail at the expense of the taxpayers. Consider the so-called junk mail which is third-class mail. I think the advertisers, have a perfect right to use the Post Office Department. It is a good medium of advertising. But when they do, they ought to pay the cost. There is no reason why a person should send me advertising matter which I throw into the trash basket, and then make me pay a part of the cost of sending it to me through taxes. The only way to avoid that is to require the users of the mail to pay for the services they receive. I think every class of mail should pay its own way with the exception of certain mail for religious, educational or charity purposes, and even then I think the subsidy should be handled in a different way and not by the Post Office. The Post Office is not a subsidizing agent. The Post Office is a service arm of the Government. They are rendering a very definite service to certain classes of the American people. The people who enjoy that service should pay for it, and not pass the cost on to the general public through taxes.

The CHAIRMAN. The time of the gentleman from Virginia has expired.

Mr. MURRAY. Mr. Chairman, I yield such time as she may desire to the gentleman from Pennsylvania [Mrs. GRANAHAN].

Mrs. GRANAHAN. Mr. Chairman, I am against this bill.

I am against this bill because it raises the wrong postal rates by the wrong amounts.

As a member of the House Committee on Post Office and Civil Service, I sat in prolonged hearings of the committee, day after day, listening to representatives of this administration try to justify a 4-cent rate on first-class mail.

It cannot be justified.

First-class mail—and I do not care how you slice this or how you try to explain away the facts—first-class mail pays its way. It is not the cause of the postal deficit.

The huge mass circulation magazines are subsidized in the millions of dollars a year on their postal costs. This is freely admitted. But we are told the postal service is supposed to shoulder part of the cost of delivering Life and Reader's Digest and similar magazines as a means of spreading light and information and perhaps culture among the American people.

If we are going to subsidize Life, let us then be free to admit that the postal service is not intended to pay its own way.

But if we are going to insist on the postal service being run as a business—paying all of its costs and perhaps even showing a profit—then we must start with the areas of postal activities which cost the taxpayer the most money—and raise those to the level where they pay their own way.

Until you do that, it is unfair and discriminatory to punish the average citizen and make him pay one-third more to mail a letter.

This increase as proposed has not been justified to my satisfaction and whether I am the only person in the entire House who votes against it—and I know I will not be the only one—but even if I were completely alone on this issue, I would nevertheless vote "no." I am against this bill.

Mr. MURRAY. Mr. Chairman, I yield myself the balance of the time.

Mr. Chairman, ever since I have been a member of the Post Office Committee, I have endeavored to increase the postal rates. Since my membership starting in 1943, we have been able to increase the postal rates only once in 1949 and once in 1951. Those increases were on second- and third-class mail and not on first-class mail. We have a sound, a good, and a reasonable bill here. I cannot see how any Member can oppose it. I regret that our distinguished majority leader is not here. It was expected to call this bill up Friday. He told me, "How can I vote against an increase in postal rates when I voted for these two pay increase bills? I regret I will not be here to support the bill." I cannot see how those Members who voted for this postal pay bill and the classified pay bill, amounting to \$850 million, can now come here and fight any increase in postal rates. If this bill is approved, it will still not wipe out the deficit in the Post Office Department. The 1958 deficit will be \$339 million, even though this bill is approved; and if the pay bill is approved, then the deficit, with this postal rate bill in effect, would be \$603 million.

Let us see how the expenses of the Department have gone up. In 1945 there were 435,155 employees. What is it today? There are 521,198 employees, and the payroll is \$2,340,000,000. In the last 12 months there has been an increase of 85,243 in the number of employees, and an increase in payroll of \$1,459,650,000.

Since 1946 we have passed 22 employee benefit bills, including six pay bills. They amount now to an annual cost of \$1,859,851,000.

It does not make sense for one to vote for all these increases in salaries and then not vote for an adequate increase in postal rates. The Post Office Department is going to have additional costs. The railroads are now asking for an increase in the transportation of mail. That will cost the Department about \$22 million additional. So if there ever was a bill justified under the circumstances, it is this bill.

What did General Farley say? He said:

Furthermore, a 4-cent letter rate would still be one of the world's greatest bargains. Raising first-class rates to 4 cents is both practical and logical. A higher cost for second- and third-class mail is absolutely and eminently fair and necessary.

Postmaster General Donaldson also corroborated what General Farley said.

I sincerely hope the committee will approve this bill without any amendments, except three minor amendments offered by the committee. Let us vote down the amendments that are offered and pass this bill this afternoon.

Mr. JONAS. Mr. Chairman, will the gentleman yield?

Mr. MURRAY. I yield.

Mr. JONAS. Is it not true that if we had realistic rates during the last 10 years we could have reduced the public debt by \$5 billion?

Mr. MURRAY. Certainly. I said the Post Office has incurred a deficit of \$5 billion in the past 10 years.

Mr. VORYS. Mr. Chairman, will the gentleman yield?

Mr. MURRAY. I yield.

Mr. VORYS. I do not find in the report whether the Post Office revenues have been increasing during the period that we have not been giving them more to work with. Is that in the report?

Mr. MURRAY. It should be. It is in the annual report of the Postmaster General. The revenues have been increasing, but the expenses of operation have been increasing far more than the receipts.

The CHAIRMAN. The time of the gentleman from Tennessee has expired. All time has expired.

The Clerk will read.

The Clerk read as follows:

Be it enacted, etc.

GENERAL STATEMENT

In the light of the findings in title II of this act and information received by the Congress with respect to postal activities, revenues, and expenses, the Congress recognizes that—

(1) adjustments in presently existing postal rates and fees are necessary and desirable in order that, to the extent consistent with the public interest and the policies in title II of this act, postal revenues will more nearly equal postal expenses; and

(2) it is necessary and desirable in the public interest that the Congress establish a definite, affirmative, and integrated policy with respect to postal activities, revenues, and expenses which will serve as a guide in the determination and adjustment by the Congress, from time to time, of the postal-rate structure.

With the following committee amendment:

Page 2, line 2, after the word "expenses", insert "and postal service will be improved."

The committee amendment was agreed to.

(Mr. RHODES of Pennsylvania asked and was given permission to extend his remarks at this point in the Record.)

Mr. RHODES of Pennsylvania. Mr. Chairman, I am opposed to the committee bill unless it is improved by amendments.

For a number of years I had the pleasure of serving as a member of the Post Office and Civil Service Committee under the distinguished chairman of the committee, the gentleman from Tennessee [Mr. MURRAY] and also when the committee was headed by the distinguished gentleman from Kansas [Mr. REES].

I have differed with them at times but I have always held both gentlemen in high regard. When the last postal rate increase bill was passed I served on the conference committee and was in complete agreement with our chairman and the ranking minority members in supporting the postal rate increase in 1951. On the bill now before us, however, I cannot accept their proposal to raise letter postage to 4 cents, while only a token increase is proposed in second class, which contributes most to the postal deficit.

I do not contend, Mr. Chairman, that 4 cents for letter postage is excessive. Even at 5 cents, letter postage would be a big bargain. If the postal system would be operated by private interests the cost would be many times that amount. My objection is that the committee bill is discriminatory. It would be most unfair to increase rates on first-class mail users to 4 cents, a total increase of \$365 million, while second class would be increased by only \$33 million spread over a 4-year period, or slightly more than \$8 million annually. Users of first-class letter postage who now pay their own way, would be burdened with an additional annual cost of \$365 million.

According to the fiscal year 1956 cost ascertainment report, the latest official figures available, there was a loss for the year of more than \$252 million in second class. Yet this bill suggests a second-class increase of only \$8 million annually for 4 years. During the same fiscal year of 1956, first-class mail revenues exceeded costs of handling by over \$35½ million, while air-mail revenues exceeded costs by more than \$23 million. These are official figures published in table 100 of the Post Office cost ascertainment report.

Mr. Chairman, I cannot agree that first-class mail is being carried at a loss for 3 cents an ounce. It may come as a surprise to many of my colleagues to know that during fiscal year 1956 non-local first-class letters and sealed parcels brought in 3.682 cents in average revenue per piece handled by the Post Office Department. These are up-to-date figures that can be verified by an examination of table 41 of the fiscal 1956 cost ascertainment report. Like

many other Members I cannot accept what has been recently introduced as intangible factors. It is a gimmick to put across an increase that cannot be justified by the facts.

An increase in first-class rates to 4 cents an ounce is not justified from a careful examination of the Post Office Department's own statistical data. It would be inflationary as well as most unfair to the American people.

Mr. Chairman, this is a bad bill. By putting the unjust and unfair burden on the average citizen who uses first-class mail it would make more secure the unreasonable subsidies that in the case of one publisher runs as high as \$10 million a year.

How can we, in good conscience, pass such a bill? We should cut out of this bill the proposal for a first-class letter-postage rate increase or make a more substantial increase in second class than the committee proposes. If either of such amendments are accepted I will support the bill. At the proper time I intend to introduce an amendment to improve the bill which I hope the committee will accept.

Mr. Chairman, I am not opposed to a postal-rate increase. When the Post Office and Civil Service Committee brings to the floor a bill that will be fair to all mail users in the apportionment of their rightful share of the postal deficit, I shall support it. H. R. 5836 is not such a bill.

Unless it is improved by amendments the bill should be defeated.

Mr. SANTANGELO. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I rise in opposition to this bill conditionally just as did the gentleman from Iowa.

As a member of the committee who has listened to all of the testimony, I want to commend the chairman for his fairness to the younger members and the new members of the committee, giving us the opportunity to probe and question so that we could have a better understanding of this complex problem.

Throughout these hearings I have been disturbed by a reversal of policy that the Postmaster General has been trying to initiate. I read the report of the Advisory Council to the Senate which was made to the 85th Congress this year. It indicated historically and traditionally that the post office was a public service; yet today we hear that the Postmaster General is trying to put the Post Office Department on a pay-as-you-go basis, or on a system which would make it meet its own costs.

According to the report that was published and from which I read a little while ago, \$392 million of the cost of the Post Office Department is dedicated to public welfare made up of mail which goes out under the franking privilege, mail to the blind, favored treatment to

certain newspapers, and many other phases of public welfare. Yet the cost of these services is included in the overall expense of the Post Office Department.

I try to be fair about this measure, and I recognize that what we are talking about in this whole postal budget is 16 percent of the total revenues. The total revenue amounts to \$2½ billion, and the operating costs are \$3 billion, leaving a deficit of about \$500 million, 16 percent.

This bill provides enough additional revenue to recoup about 11 percent of this deficit. This means that we will still have a deficit of 5 percent.

Now the question uppermost in all our minds is, who is to assume this burden of 5 percent? Shall it be the users of first-class mail or the users of second- and third-class mail? The first-class mail is used 75 percent by business and 25 percent by individuals, by people exchanging correspondence with each other, writing letters to their Congressmen, writing letters to their boys in the service, love letters, Christmas and Easter cards, and mail for personal use.

During the course of the committee hearings, I made the suggestion that those people using first-class mail for personal reasons should continue to pay the 3-cent rate and that others pay 4 cents. But that proposal was voted down immediately, because the Postmaster General said it was impractical and unfeasible.

Now I ask why should we this year take this second-class mail, the periodicals, the newspapers and magazines and reduce the rates below those which were included in the bill last year? Last year they approved a bill which required that newspapers and periodicals containing more than a certain amount of advertising would pay an additional 30 percent rate; but this year that particular provision was deleted and eliminated.

So what do we find? Under the cost-ascertainment system, first-class mail is making a profit. According to it, first-class mail made a profit of \$35.7 million in 1956, and second-class mail caused a loss of over \$250 million.

But the Postmaster General through a little change in accounting, taking into consideration certain intangible factors comes up with a loss of \$316 million on first-class mail and a lesser loss on second-class mail.

What has happened? He has asked for a 33 percent increase on first-class mail which will give him an amount in excess of loss which he says first-class mail is causing, taking into consideration the intangible factors.

What happens to second-class mail? This is the mail on which the loss was \$250 million or more. The Postmaster suggests a sliding scale over a period of 4 years to yield the grand sum of \$3 million, which means they will still be

operating at a deficit which the first-class users subsidize. The newspapers, magazines, and periodicals are losing \$250 million and will pay under the terms of this bill only the sum of \$31 million additional.

The CHAIRMAN. The time of the gentleman from New York has expired.

Mr. MOSS. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I oppose this bill as written because it represents, in my judgment, a completely inadequate and unrealistic approach to the assignment we have here in this House today, that of setting rates. We are not raising taxes, we are setting rates for a service which the Government renders exclusively to the citizens of the United States. We have had a lot of discussion about the cost of this service. I want to make it perfectly clear that the so-called intangible factors which have been mentioned repeatedly are completely phony because every one of them is carefully weighed in arriving at a cost-ascertainment figure.

What is cost ascertainment? It of necessity is an arbitrary allocation to each class of mail of the cost for the facilities and the personnel employed in the processing of that class of mail. How is it done? It is done on a sampling basis, just as any sound cost ascertainment procedure must necessarily look to a sampling process in an operation the size of the United States Post Office. Every single man-hour of work in the processing of each class of mail, every single postal facility is carefully evaluated and measured, and every factor capable of measurement is included in the cost ascertainment.

What does it show? It shows, first, that it is a sound method because by law this Congress has directed that the cost ascertainment system be a ratemaking tool in the case of fourth-class mail. That is the ratemaking tool. If it is valid in fourth-class mail, then of necessity and in consistency it must be valid in every other class of mail.

Now we are asked here to up the cost of handling the only class of mail which makes a profit under cost ascertainment, and it does make a profit. Those figures come from the official cost ascertainment reports of the Post Office Department. It made \$35 million in the last measurable and accounted-for period. Over the last 10 years from 1947, it has accumulated a profit of over \$800 million.

Where does the loss occur? It occurs in second-class mail. Over the last 10 years second class has accumulated a loss of over \$2 billion, and third-class mail, on this same official measurement, has accumulated a loss of \$1,459,000,000. I will put these figures in the RECORD year by year because they are very revealing.

Excess or deficit of revenue over expenditures, selected classes of mail, 1947 to 1956, inclusive

Fiscal year	1st class ¹	Airmail (domestic) ²	2d class ³	3d class
1956.....	+\$35,664,975	+\$17,815,907	-\$269,210,078	-\$233,511,972
1955.....	+62,325,144	+20,266,779	-219,586,785	-172,039,091
1954.....	+63,327,680	+3,598,035	-218,354,765	-147,187,173
1953.....	+82,450,467	-42,042,375	-230,477,533	-158,568,348
1952.....	+52,407,981	-32,497,079	-226,740,091	-191,913,098
1951.....	+102,387,227	-25,989,369	-188,567,349	-130,114,233
1950.....	+80,423,334	-35,501,867	-179,224,730	-135,872,341
1949.....	+82,064,709	-37,261,064	-174,674,835	-129,052,786
1948.....	+154,308,612	⁴ -27,075,431	-152,665,801	-86,681,326
1947.....	+131,044,351	⁴ -18,984,425	-148,092,646	-74,519,210
Total.....	+\$846,404,480	-177,670,889	-2,007,594,613	-1,459,459,578

¹ Included in costs is free mail for the United States Armed Forces.

² United States Armed Forces mail, domestic and to and from overseas included.

³ "Free in county" not included in expenditures. Prior to 1953, controlled circulation publications included.

⁴ \$8,000,000 included as expense for estimated cost of pending rate change by CAB.

⁵ Expenditures include \$11,880,429 estimated added cost due to CAB rate (pending) and \$4,418,703 estimated cost of transporting domestic airmail over foreign airmail routes.

NOTE.—Excess of revenue over expenditures indicated by plus (+) sign before dollar amounts, and excess of expenditures over revenue by minus (−) sign.

Source: Cost ascertainment reports of the United States Post Office Department for the years 1947 to 1956, inclusive.

Mr. Chairman, we are told that very few people have protested this bill. Of course, they have not. The average first-class user of mail is not organized; he is represented by no one but we who sit here as Members of the House of Representatives. He is not able to articulate in his own interest. But do not ever think that the phony polls which have been taken correctly reflect the views of the average first-class mail user because they most assuredly do not. If we were to direct to him a factual poll, pointing out that first-class mail pays its way; and asking: "Would you want, therefore, to increase the rate?" the answer would be in the negative. I tried this in my district and over 85 percent of my people said: "No, sir, we do not want to increase the rate from 3 cents to 4 cents." I join with them. I do not want to increase it, either. If the day ever comes when the Post Office Department requires an increase in first-class mail to underwrite its legitimate portion of the cost of postal service, I will be one of the first to step forward and support that proposal.

But, that day has not arrived, and whether or not it will is highly speculative. The gentleman from Indiana tells us that the speculative cost of increased wages is one we should not regard because the President in his wisdom is going to veto it. He gave us the same assurance on the classified pay bill. Now, if next year the President, recognizing the need of the postal service, should decide to sign the pay bill, and cost ascertainment figures then show clearly that an increase in the first-class rate was necessary, I would at that time support it enthusiastically.

(Mr. JOHANSEN asked and was given permission to revise and extend his remarks.)

Mr. JOHANSEN. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I would like to just call attention to 1 or 2 facts that seem to be overlooked or minimized in this debate. I rise, of course, in support of the bill. I think the first point that we need to consider is the fact that even if this Congress in its wisdom elects to do nothing about postal rates, it still is doing something and something very

substantial about the relationship between the revenues and the cost of the postal service. If, by rejecting this bill—and I do not for a moment believe this House will—we did nothing with respect to the increase in postal rates, it would have the very definite effect of increasing the disparity between the revenues and the cost of the services that are furnished.

Now, I heard it said here on this floor earlier this afternoon that if we adopted this bill we would destroy the service concept of the Post Office Department. I cannot conceive of a more fantastic or unrealistic statement than that. I say, in the first place, whether or not the Members of this House want the postal service to pay its way, whether or not the Postmaster General wants the postal service to pay its way, there is not a chance in the world that the postal service is going to pay its way if this bill is adopted, because the increase in revenues in relation to the present deficit will by no means bridge the gap, and there are prospects of increased costs over and above the increases that we have already experienced.

In the second place, if we do not adopt this bill, we are in effect increasing the so-called service aspects, because we are increasing by a do-nothing action, the portion of the cost that must be saddled upon the taxpayer rather than being paid by the users of the mail.

Now, with respect to those who argue that by adopting this legislation we would destroy the service principle, may I ask whether in 1947, when first-class mail was paying 130 percent of its allocated cost, we had at that time destroyed the public-service concept. The fact of the matter is that if this legislation is adopted and costs remain fixed, we would restore that historic pattern and ratio of 130-percent revenue in relationship to the cost for first-class mail. Of course, the reason for that differential is the matter of preferred service. It is not a tax any more than it is a tax if you pay extra for a box seat at a ball game rather than elect to sit in the bleachers. You pay for what you get. You pay for the service.

We propose in this legislation to restore a historic pattern, one which no

one regards as hostile to the public-service concept. We do the very thing which former Postmaster General Farley said he would regard as imperative if he were faced with the situation which the present able and distinguished Postmaster General faces. And, I quote his exact words from his testimony before the committee last year. Mr. Farley said:

If my staff had presented me with the figures and the evaluation of what is developing in the postal service, demonstrating that I would be faced with a \$500 million deficit annually, I would have been greatly concerned. If I had spent as much time and energy in trying to work out improvements in the postal service as has Postmaster General Summerfield, General Donaldson, and their predecessors only to see it absorbed in dispensing much-deserved higher salaries and fringe benefits to employees without commensurate rate increases, I would be deeply discouraged.

Mr. HOLIFIELD. Mr. Chairman, I move to strike out the requisite number of words.

(Mr. HOLIFIELD asked and was given permission to revise and extend his remarks.)

Mr. HOLIFIELD. Mr. Chairman, the gentleman from Michigan mentioned the name of Mr. Farley. It might be well to point out that Mr. Farley is connected with the Coca-Cola Co. He is a businessman. The product he sells which is famous all over America, sells for 5 cents, just as it did in 1932. That might answer also the suggestion that some gentleman on the floor made a few minutes ago to point to one single company that sold its services or its product for the same price as it did in 1932. I point to the world-famous American Coca-Cola which still sells for 5 cents.

Let us get down to what this is all about. We are asked to do something here for the Post Office Department which we are not asked to do for any other department of Government. The Department of Agriculture spends over \$3 billion and we do not ask it to pay its own way. The Departments of Labor and Health, Education, and Welfare, spend \$2,871 million and they render services to the people, also. We do not ask them to carry their own way. But when we get to the Post Office Department suddenly we become very desirous that the Post Office Department pay its own way. The Post Office Department pays 85 percent of its own way under the present management. It has a deficit of only around 15 or 16 percent.

The question before the House is, who shall pay this deficit of 15 or 16 percent? Should the people who incur the deficit, who are the second- and third-class users of mail, pay it? Shall all of the people pay it out of the general tax fund? Or shall we lay it on the backs of the 3-cent letter user and the 6-cent letter user? That is all there is to it.

If you want to raise the deficit of this one department of government and make it pay its way, you put it on the back of the 3-cent letter user and the 6-cent letter user. You do not let the people of the United States carry the deficit as it has in years gone by as a matter of national policy, but you say,

"here is a good place to gouge the little fellow who is not organized and we will gouge him and we will use this as a revenue raiser."

The Post Office Department's own book for 1956 shows that first-class revenues were \$1,013 million. The expenditures for the Department were \$978 million. In other words, it made a profit of \$35,700,000 on first-class 3-cent mail. Now not only do we want to make \$35,700,000 but we want to add another

\$300 million on to the burden of the 3-cent letter user for the benefit of whom? I will tell you, I have it right here. I sent a letter in March to the Post Office Department and I asked them what the subsidy was to some of our big national publications. Here is the subsidy to Ladies Home Journal, Collier's magazine—now defunct—Life, Saturday Evening Post, and Reader's Digest, as the Post Office furnished to me:

Volume, revenues, and estimated handling costs of selected 2d-class publications based on 1 issue, for the year 1956

[In thousands]

Publication	1 issue					Estimated annual loss
	Weight (pounds)	Copies	Postage at present rates	Cost of handling	Excess of costs over postage	
Ladies' Home Journal.....	5,835	3,706	\$128	\$287	\$159	\$1,917
Collier's Magazine.....	1,909	3,070	48	169	121	3,146
Life.....	5,410	4,775	144	323	179	9,310
Saturday Evening Post.....	3,095	3,106	67	184	117	6,087
Reader's Digest.....	3,829	9,163	90	438	348	4,172

NOTE.—In all cases costs were based on average cost factors computed for a subgroup of publications applied to volume data for each publication, and not on individual traffic studies and cost factors attributable to each specific publication.

The Saturday Evening Post, \$6,087,000. These are the Post Office Department figures, they are not mine.

The Reader's Digest, \$472,000.

Those are the people that are incurring the deficit, and you want the little 3-cent letter user to carry this deficit.

Mr. JOHANSEN. Mr. Chairman, will the gentleman yield?

Mr. HOLIFIELD. I yield to the gentleman from Michigan.

Mr. JOHANSEN. Was the little 3-cent letter mail user being gouged in 1947 when he was paying 130 percent of the allocated cost?

Mr. HOLIFIELD. If the gentleman wants the classes of mail to pay their own way, yes, he was being gouged. Certainly, once they are making a profit off him, he is being gouged, particularly when you are using that profit to cover the deficit of the big newspapers like the Chicago Tribune, the New York Times and all other large metropolitan daily newspapers.

Mr. MOSS. Mr. Chairman, will the gentleman yield?

Mr. HOLIFIELD. I yield to the gentleman from California.

Mr. MOSS. Is it not true that the rate set in 1932 which produced this excess of revenue over cost was set after action by the Committee on Ways and Means as a clear revenue-producing measure and not as a rate measure?

Mr. HOLIFIELD. Exactly. It was done by the Committee on Ways and Means and it was later affirmed by the Post Office and Civil Service Committee in 1947.

Mr. Chairman, at the proper time I shall offer an amendment.

Mr. CEDERBERG. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I rise at this time to ask a question of the chairman of our committee.

Mr. MURRAY. Mr. Chairman, will the gentleman yield?

Mr. CEDERBERG. I yield to the gentleman from Tennessee.

Mr. MURRAY. I hope we can pass the bill this afternoon. We may have to stay here a little longer, but I hope these speeches will be abbreviated and curtailed, so that we can get down to the consideration of the amendments.

Mr. CEDERBERG. May I ask our distinguished chairman if it is his understanding that the leadership on his side of the aisle supports this legislation at the present time?

Mr. MURRAY. I have taken it up with the Speaker and majority leader, and I think they are supporting it.

Mr. CEDERBERG. The majority leader advised me that if he were to be here today, and if the bill had been taken up Friday evening, as it had been originally planned, he intended to support this legislation, and he gave some very obvious reasons why he intended to support this legislation, although he had not done so in the past.

I am not going to take the full 5 minutes because I want to respect the request of the chairman of the committee that we get along with this bill.

You cannot raise third-class mail unless you raise first-class mail, as the distinguished gentleman from Pennsylvania pointed out, so if any of you are going to vote for an amendment to reduce the proposed 4-cent rate in the bill to 3 cents, then we have to reduce the third-class mail. There just cannot be any other way; otherwise it will cause tremendous chaos in the Department.

Mr. HOLIFIELD. Mr. Chairman, will the gentleman yield?

Mr. CEDERBERG. I yield to the gentleman from California.

Mr. HOLIFIELD. I want the House to know very fairly where I stand. I shall offer an amendment, if I am recognized, to strike out the increase in the 3-cent letter and the 6-cent letter mail rate. I will also support any amend-

ment offered to strike out the raises in the other two.

Mr. CEDERBERG. In other words, the gentleman is not for anything.

Mr. HOLIFIELD. I am against the bill, and I want to say so honestly.

Mr. CEDERBERG. We appreciate the candor of the gentleman. He has always been very frank. The gentleman from California is strictly willing to go along with a billion-dollar deficit in the Post Office Department.

Mr. HOLIFIELD. I say that any deficit in a department of the Government that renders a service is a matter apart from the income of that department.

Mr. HALLECK. Mr. Chairman, will the gentleman yield?

Mr. CEDERBERG. I yield to the gentleman from Indiana.

Mr. HALLECK. I wonder if the gentleman from California would go so far as to say that the Post Office Department ought to carry the mail for everybody at no charge. I do not see how you can escape that end position in view of what the gentleman has just said.

Mr. HOLIFIELD. The gentleman from California is not seeking to change the present situation. I am perfectly willing to go along with the present situation.

Mr. HALLECK. It is very obvious that the gentleman does not want to change the present situation, which is that the taxpayers have to make up, if this bill does not pass, a billion dollars in the postal deficit.

Mr. HOLIFIELD. Why should the first-class mail users have that great burden?

Mr. TABER. Mr. Chairman, will the gentleman yield?

Mr. CEDERBERG. I yield.

Mr. TABER. Does what the gentleman from California said mean that he is in favor of keeping taxes up just as high as possible to maintain a deficit in other departments of the Government as well?

Mr. CEDERBERG. It is the policy of the liberal Democrats to have more deficits and continually more deficits all of the time.

Mr. JOHANSEN. Mr. Chairman, will the gentleman yield?

Mr. CEDERBERG. I yield.

Mr. JOHANSEN. Is it not a fact that whether or not the gentleman from California wants the situation to remain the same as it is, or wants it changed, that it is changing constantly with the increasing costs?

Mr. CEDERBERG. Why, certainly. A deficit of \$1 billion in the Post Office Department is absurd and it was so stated by former Postmasters General. It is unbelievable.

Mr. PORTER. Mr. Chairman, will the gentleman yield?

Mr. CEDERBERG. I yield.

Mr. PORTER. Does the gentleman then support further raises in second- and third-class rates so that they will pay 100 percent of their way?

Mr. CEDERBERG. Here is what I would do if I were going to amend this bill. I am aware of the temper of the House and therefore will not offer amendments. I think this bill should al-

low the 4-cent rate to go into effect. About a year from now, we should go into the 5-cent letter. Then the 4 15-percent increases in second-class mail should be extended to 5 15-percent increases. That would cover a period of 5 years. The third-class mail should be raised from 1½ cents to 2 cents the first year; to 2½ cents the second year, and 3 cents the third year. Then, you would have a sensible bill. Because it is a historical fact that once we do something about this rate, we are not going to touch it again until 10, 15, or 20 years from now and the deficit is going to mount and the poor individual taxpayer who some of the people think their hearts are bleeding for, is the fellow who is going to pick up the check.

Mr. PORTER. Is it then the gentleman's position the fact that the second-class mail only pays 31 percent and the third-class under the second increase pays 83 percent, that that is a satisfactory situation?

Mr. CEDERBERG. No. The situation is this and I am practical enough to know and that has been the history of the department that second-class mail will never pay its way. We recognize the public service feature there, but the gentleman's position is completely inconsistent. He would put in an amendment to reduce it from what it is in the bill now.

The CHAIRMAN. The time of the gentleman has expired.

Mr. PORTER. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I know the hour is late and I know the time of the year is late. I also know this House has come in for some criticism recently in Times magazine section about the way it legislates. I think I know this bill. I know because I sat in on almost every one of its 21 hearings. My attendance record is as good as any Member's. I know that the bill before you is unfair and imprudent. It is unfair because, as has been very well pointed out by the gentleman from California [Mr. HOLIFIELD] and the gentleman from California [Mr. MOSS] and others, it is unfair to the first-class mail users because it puts on them more expense than the cost of the service that they get. It is imprudent because it calls for increases in second-class and third-class mail rates that have no rationale. The facts have never been, in fact, presented to our committee. We have no evidence in our hearings as to what the result of these increases on second-class mail will be. We have no evidence with regard to what this great increase in third-class mail will be. Yet, many small businesses are involved. I know there are big businesses involved. I think our committee has a good deal of work to do to decide whether there are classes that can be made so that this burden will not sink a good many small businesses. But, we do not have that information. This bill should be defeated because it is unfair to the first-class mail users, and it is imprudent because it does not take into account the consequences of these increases on the second-class mail users and the third-class mail users. This bill should be defeated.

Mr. SISK. Mr. Chairman, will the gentleman yield?

Mr. PORTER. I yield.

Mr. SISK. Quite a lot of talk around here has been heard about who is bleeding for whom. I wonder if the gentleman would distinguish for me the difference between the bleeding taxpayer and the bleeding postal users. Is there an entirely different group of people involved or is it not a fact that what we are proposing here is actually an increase in the taxes on the American people?

Mr. PORTER. That is correct, and I think the taxpayers may be better organized than the first-class mail users.

Mr. SISK. I thank the gentleman.

Mr. CEDERBERG. Mr. Chairman, will the gentleman yield?

Mr. PORTER. I yield.

Mr. CEDERBERG. I am amazed at the gentleman's inconsistent position. He is complaining about second-class mail, yet in the committee he voted to cut the bill about 10 percent.

Mr. PORTER. I repeat what I said twice before. I believe that the proposed increases on the second-class mail are irresponsible. I do not know the consequences until we have made such a study. Until we have such information we should not make increases either in second- or third-class mail.

Mr. CEDERBERG. Are they any more irresponsible than the deficit in the second-class?

Mr. PORTER. The fact it does not pay its whole way? I do not like that. But the increase should not be a step in the dark.

Mr. CEDERBERG. How did you arrive at the 10 percent figure?

Mr. PORTER. I wanted to reduce the possible economic injury. I talked to many small magazine publishers. They said that the 5 percent in each of 4 stages would mean the difference between survival and going out of business. My motive was to make a stop-gap measure so that we would save some of these small magazines while the committee did its duty to find the facts which were necessary for proper legislation.

The CHAIRMAN. The time of the gentleman from Oregon [Mr. PORTER] has expired.

Mr. MURRAY. Mr. Chairman, I ask unanimous consent that the bill be considered as read, and open to amendment at any portion.

The CHAIRMAN. Is there objection to the request of the gentleman from Tennessee?

Mr. CORBETT. Mr. Chairman, reserving the right to object, does the gentleman not feel, in view of the fact that there are 9 or 10 amendments pending, that it is impossible to proceed tonight?

Mr. MURRAY. I do not think so. I think we can dispose of them very rapidly.

The CHAIRMAN. Is there objection to the request of the gentleman from Tennessee?

There was no objection.

The remainder of the bill is as follows:

TITLE I—POSTAL RATE INCREASES

Short title

Sec. 101. This title may be cited as the "Postal Rate Increase Act, 1957."

First-class mail

Sec. 102. (a) That part of the first section of the joint resolution of June 30, 1947 (61 Stat. 213; 39 U. S. C. 280), which precedes the proviso, is amended by striking out "3 cents" and inserting in lieu thereof "4 cents."

(b) Section 1 of the act of October 30, 1951 (65 Stat. 672; 39 U. S. C. 280), as amended, is further amended—

(1) by striking out "2 cents" wherever appearing in subsection (a) and inserting in lieu thereof "3 cents"; and

(2) by striking out "2 cents" in subsection (b) and inserting in lieu thereof "3 cents."

Domestic airmail

Sec. 103. Section 201 of the Postal Rate Revision and Federal Employees Salary Act of 1948 (62 Stat. 1261; 39 U. S. C. 463a) is amended—

(1) by striking out "6 cents" in the first sentence and inserting in lieu thereof "7 cents"; and

(2) by striking out "4 cents" in the second sentence and inserting in lieu thereof "5 cents."

Second-class mail

Sec. 104. (a) Section 2 (a) of the act of October 30, 1951 (65 Stat. 672; 39 U. S. C. 289a), is amended by inserting immediately before the colon which precedes the first proviso the following: ", and (4) such postage is further adjusted to the amounts set forth in the following table, on the dates specified:

	Effective July 1, 1957 (cents per pound, or fraction thereof)	Effective July 1, 1958 (cents per pound, or fraction thereof)	Effective July 1, 1959 (cents per pound, or fraction thereof)	Effective July 1, 1960 (cents per pound, or fraction thereof)
A publication having not more than 5 percent of its space devoted to advertisements, and that portion of other publications devoted to matter other than advertisements.....	2.2	2.5	2.8	3.1
Advertising portion of a publication having more than 5 percent of its space devoted to advertisements:				
1st and 2d zones.....	2.2	2.5	2.8	3.1
3rd zone.....	3.0	3.4	3.8	4.2
4th zone.....	4.5	5.1	5.7	6.2
5th zone.....	6.0	6.8	7.5	8.3
6th zone.....	7.5	8.4	9.4	10.4
7th zone.....	9.0	10.1	11.3	12.5
8th zone.....	10.5	11.8	13.2	14.6"

The adjustment in postage contained in the amendment made by this subsection shall not apply to any issue of a newspaper with respect to which issue the entire press run consists of 5,000 copies or less and the rate or rates of postage, as in effect immediately prior to the date of enactment of this act, for the mailing of any issue of any

newspaper to which this sentence applies shall remain in effect until otherwise provided by Congress.

(b) Section 2 (c) of such act of October 30, 1951, is amended by striking out "one-eighth of 1 cent" and inserting in lieu thereof "one-fourth of 1 cent, except that (1) the postage on each individually addressed

copy mailed by the organizations listed, and for the purposes prescribed in the second and third provisos of subsection (a) of this section, and each individually addressed copy of a publication of the second class addressed for delivery within the county and not entitled to the free-in-county mailing privilege, shall not be less than one-eighth of 1 cent, and (2) the per copy rates prescribed for publications covered by section 25 of the act of March 3, 1879, as amended (39 U. S. C. 286), are continued."

(c) Section 2 (d) of such act of October 30, 1951, is amended by striking out "1 cent" and inserting in lieu thereof "1½ cents."

Controlled circulation publications

SEC. 105. Section 203 of the Postal Rate Revision and Federal Employees Salary Act of 1948 (62 Stat. 1262; 39 U. S. C. 291b), is amended—

(1) by striking out "10 cents a pound or fraction thereof" and inserting in lieu thereof "12 cents a pound or fraction thereof regardless of the weight of the individual copies"; and

(2) by adding at the end thereof a new sentence reading "The rates provided in this section shall remain in effect until otherwise provided by Congress."

Third-class mail

SEC. 106. Section 3 of the act of October 30, 1951 (65 Stat. 673; 39 U. S. C. 290a-1), is amended—

(1) in that part of such section which precedes the first proviso—

(A) by striking out "2 cents" wherever appearing therein and inserting in lieu thereof "3 cents";

(B) by striking out "1 cent" and inserting in lieu thereof "1½ cents"; and

(C) by striking out "1½ cents for each additional two ounces or fraction thereof" and inserting in lieu thereof "1 cent for each additional ounce or fraction thereof";

(2) in the first proviso contained in such section, by striking out "\$10" and inserting in lieu thereof "\$20";

(3) in the second proviso contained in such section—

(A) by striking out "14 cents" and inserting in lieu thereof "16 cents";

(B) by striking out "1 cent" wherever appearing therein and inserting in lieu thereof "2 cents"; and

(C) by striking out "10 cents" and inserting in lieu thereof "12 cents";

(4) by striking out the third proviso contained in such section and inserting in lieu thereof "Provided further, That the minimum charge per piece of 2 cents specified in the foregoing proviso shall be increased to 2½ cents on July 1, 1959."; and

(5) in the fourth proviso contained in such section, by striking out "3 cents" and inserting in lieu thereof "5 cents."

Fourth-class mail

SEC. 107. Sections 204 (d) and (e) of the Postal Rate Revision and Federal Employees Salary Act of 1948 (62 Stat. 1262), as amended (39 U. S. C. 292a (d) and (e)), are amended to read as follows:

"(d) The following materials when in parcels not exceeding 70 pounds in weight may be sent at the postage rate of 10 cents for the first pound or fraction thereof and 5 cents for each additional pound or fraction thereof, and this rate shall continue until otherwise provided by the Congress: (1) books permanently bound for preservation consisting wholly of reading matter or scholarly bibliography or reading matter with incidental blank spaces for students' notations and containing no advertising matter other than incidental announcements of books; (2) 16-millimeter films and 16-millimeter film catalogs except when sent to commercial theaters; (3) printed music whether in bound form or in sheet form; (4) printed objective test materials and accessories

thereto used by or in behalf of educational institutions in the testing of ability, aptitude, achievement, interests, and other mental and personal qualities with or without answers, test scores, or identifying information recorded thereon in writing or by mark; and (5) manuscripts for books, periodical articles, and music.

"(e) (1) The following materials when in parcels not exceeding 70 pounds in weight when loaned or exchanged between (A) schools, colleges, or universities and (B) public libraries, religious, educational, scientific, philanthropic, agricultural, labor, veterans, or fraternal organizations or associations not organized for profit and none of the net income of which inures to the benefit of any private stockholder or individual, or between such organizations and their members or readers or borrowers, shall be charged with postage at the rate of 4 cents for the first pound or fraction thereof and 1 cent for each additional pound or fraction thereof, except that the rates now or hereafter prescribed for third- or fourth-class matter shall apply in every case where such rate is lower than the rate prescribed in this subsection, and this rate shall continue until otherwise provided by the Congress: (1) books consisting wholly of reading matter or scholarly bibliography or reading matter with incidental blank spaces for students' notations and containing no advertising matter other than incidental announcements of books; (ii) printed music, whether in bound form or in sheet form; (iii) bound volumes of academic theses in typewritten or other duplicated form and bound volumes of periodicals; and (iv) other library materials in printed, duplicated, or photographic form or in the form of unpublished manuscripts.

"(2) The rate provided in paragraph (1) for books may apply to sixteen-millimeter films, filmstrips, transparencies for projection and slides, microfilms, sound recordings, and catalogs of such materials when sent in parcels not exceeding 70 pounds in weight to or from (A) schools, colleges, or universities and (B) public libraries, religious, educational, scientific, philanthropic, agricultural, labor, veterans, or fraternal organizations or associations, not organized for profit and none of the net income of which inures to the benefit of any private stockholder or individual.

"(3) Public libraries, organizations, or associations, before being entitled to the rates specified in paragraphs (1) and (2) of this subsection, shall furnish to the Postmaster General, under such regulations as he may prescribe, satisfactory evidence that none of their net income inures to the benefit of any private stockholder or individual."

Determination of class of post office and compensation of postmaster and certain employees

SEC. 108. On and after January 1, 1958, 80 percent of the gross postal receipts of all classes of post offices shall be counted for the purpose of determining the class of the post office or the compensation or allowances of postmasters or other employees whose compensation or allowances are based on the annual receipts of such offices. Nothing contained in this section shall operate to decrease the compensation or allowances in effect immediately prior to January 1, 1958, for postmasters and other employees in the postal field service on such date whose compensation or allowances are based on the annual receipts of such offices.

Repeals

SEC. 109. The last sentence of section 4 (a) of the Civil Service Retirement Act as contained in the Civil Service Retirement Act Amendments of 1956 (70 Stat. 747) is hereby repealed, and hereafter the amounts contributed by the Post Office Department

to the civil service retirement and disability fund in compliance with such section 4 (a) of the Civil Service Retirement Act shall be considered as costs of providing postal service for the purpose of establishing postal rates.

Conditions precedent to withdrawal from general fund of Treasury

SEC. 110. That part of the paragraph under the heading "General Provisions" under the appropriations for the Post Office Department contained in chapter IV of the Supplemental Appropriation Act, 1951 (64 Stat. 1050; 31 U. S. C. 695), which precedes the proviso is amended by striking out "the receipt of revenue from fourth-class mail service sufficient to pay the cost of such service" and inserting in lieu thereof "(1) that the revenues from fourth-class mail service will not exceed by more than 3 percent the costs thereof, or (2) that the costs of such fourth class mail service will not exceed by more than 3 percent the revenues therefrom."

Effective dates

SEC. 111. (a) The rates of postage prescribed by this title, except those prescribed in section 104 (a), shall become effective on July 1, 1957.

(b) The rates of postage prescribed by section 104 (a) of this title shall become effective as provided in such section 104 (a).

(c) The fee prescribed by section 106 (2) of this title shall become effective on January 1, 1958.

(d) Section 109 of this title shall become effective as of the effective date of the Civil Service Retirement Act Amendments of 1956.

TITLE II—POSTAL RATE POLICY

Short title

SEC. 201. This title may be cited as the "Postal Rate Policy Act."

Findings

SEC. 202. The Congress hereby finds that—

(1) the Postal Establishment was created to unite more closely the American people, to promote the general welfare, and to advance the national economy;

(2) the Postal Establishment has been extended and enlarged through the years into a nationwide network of services and facilities for the communication of intelligence, the dissemination of information, the advancement of education and culture, and the distribution of articles of commerce and industry;

(3) the development and expansion of these several elements of postal service, under authorization by the Congress, have been the impelling force in the origin and growth of many and varied business, commercial, and industrial enterprises which contribute materially to the national economy and the public welfare and which depend upon the continuance of these elements of postal service;

(4) historically and as a matter of public policy there have evolved, in the operations of the postal establishment authorized by the Congress, certain recognized and accepted relationships among the several classes of mail. It is clear also, from the continued expansion of the postal service and the authorization of certain services rendered or facilities provided at a calculated loss to the Government, that the postal establishment performs some functions in which the public interest outweighs the profit and loss factors which would prevail if the postal establishment were operated solely as a business enterprise;

(5) the postal establishment should be operated in a businesslike manner but clearly is not a commercial enterprise conducted for profit and it would be an unfair burden

upon users of the mails to compel them to underwrite those expenses incurred by the postal establishment which are not related to the postal services they receive;

(6) Notwithstanding the need for all users of the mails to be informed with reasonable certainty of the postal rates and fees which will be imposed upon them, the Congress heretofore has not laid down a firm policy (except for fourth-class mail and certain special services authorized by law) with respect to the identification and evaluation of those services rendered by the postal establishment in whole or in part for the benefit of the general public and those services which inure in whole or in part to the benefit of certain users of the mails; and

(7) the public interest and the increasing complexity of the social and economic fabric of the Nation require an immediate, clear, and affirmative declaration of congressional policy for the creation and maintenance of a sound and equitable postal-rate structure which will assure efficient service, produce adequate postal revenues, and stand the test of time.

Declaration of policy

SEC. 203. (a) The Congress hereby emphasizes, reaffirms, and restates its function under the Constitution of the United States of forming postal policy.

(b) It is hereby declared to be the policy of the Congress, as set forth in this title—

(1) to provide a more stable basis for the postal-rate structure through the establishment of general principles, standards, and related requirements with respect to the determination and allocation of postal revenues and expenses; and

(2) in accordance with these general principles, standards, and related requirements, to provide a means by which the postal-rate structure may be fixed and adjusted by action of the Congress, from time to time, as the public interest may require, in the light of periodic reviews of the postal-rate structure, periodic studies and surveys of expenses and revenues, and periodic reports and recommendations, required to be made by the Postmaster General as provided by section 206 of this title, on the basis of the cost ascertainment system.

(c) The general principles, standards, and related requirements referred to in subsection (b) of this section are as follows:

(1) In the determination and adjustment of the postal-rate structure, due consideration should be given to—

(A) the preservation of the inherent advantages of the postal service in the promotion of social, cultural, intellectual, and commercial intercourse among the people of the United States,

(B) the development and maintenance of a postal service adapted to the present needs, and adaptable to the future needs, of the people of the United States,

(C) the promotion of adequate, economical, and efficient postal service at reasonable and equitable rates and fees,

(D) the effect of postal services and the impact of postal rates and fees on users of the mails,

(E) the requirements of the postal establishment with respect to the manner and form of preparation and presentation of mailings by the users of the various classes of mail service,

(F) the value of mail,

(G) the value of time of delivery of mail, and

(H) the quality and character of the service rendered in terms of priority, secrecy, security, speed of transmission, use of facilities and manpower, and other pertinent service factors.

(2) The acceptance, transportation, and delivery of first-class mail constitutes a preferred service of the postal establishment and, therefore, the postage for first-class mail should be sufficient to cover (A) the

entire amount of the expenses allocated to first-class mail in the manner provided by this title and (B) an additional amount representing the fair value of all extraordinary and preferential services, facilities, and factors relating thereto.

(3) Those services, elements of service, and facilities rendered and provided by the postal establishment in accordance with law, including services having public service aspects, which, in whole or in part, are held and considered by the Congress from time to time to be public services for the purposes of this title shall be administered on the following basis:

(A) the sum of such public service items should be assumed directly by the Federal Government and paid directly out of the general fund of the Treasury and should not constitute direct charges in the form of rates and fees upon any user or class of users of such public services, or of the mails generally, and

(B) nothing contained in any provision of this title should be construed as indicating any intention on the part of the Congress (i) that such public services, or any of them, should be limited or restricted or (ii) to derogate in any way from the need and desirability thereof in the public interest.

(4) For the purpose of the determination and adjustment of the postal-rate structure in the manner provided by this title and by section 207 of the act of February 28, 1925, as amended (39 U. S. C., sec. 247), and section 12 of the act of October 30, 1951 (39 U. S. C., sec. 246f), the postal rates shall be adjusted from time to time so that the total amount of the adjusted revenues shall be approximately equivalent to the total amount of the expenses, both as determined in the manner provided by this title.

Authorization of appropriated funds

SEC. 204. There is hereby authorized to be appropriated to the revenues of the Post Office Department for each fiscal year from any money in the Treasury not otherwise appropriated an amount equal to the sum of the public service items referred to in section 203 (c) (3). Such appropriations shall be available to enable the Postmaster General to pay in to postal revenues at quarterly or other intervals such amounts as he shall determine to be necessary to reimburse the Post Office Department for such expenses and losses of revenue.

Application of cost ascertainment system

SEC. 205. (a) For the purposes of this title, revenues and expenses shall be determined and ascertained, and each allocation and apportionment with respect thereto shall be made, upon the basis of the cost ascertainment system, to the extent not otherwise indicated in this title.

(b) Nothing in this title shall be construed to affect the cost ascertainment system or any authority, power, duty, or procedure of the Postmaster General or of the postal establishment generally, except to the extent necessary to carry out this title.

Reviews, studies, surveys, reports, and recommendations of Postmaster General

SEC. 206. (a) The Postmaster General is authorized and directed to initiate and conduct, through the facilities of the postal establishment, either on a continuing basis or from time to time, as he deems advisable, but not less often than every 2 years, a review of the postal-rate structure and a study and survey of the expenses incurred and the revenues received in connection with the several classes of mail, and the various classes and kinds of services and facilities provided by the postal establishment, in order to determine, on the basis of such review, study, and survey for each class and kind of service or facility provided by the postal establishment, the need for ad-

justment of postal rates and fees in the manner provided by this title.

(b) The Postmaster General shall submit to the Senate and the House of Representatives not later than April 15 of each alternate fiscal year, beginning with the fiscal year ending June 30, 1959, a report of the results of the review, study, and survey conducted pursuant to subsection (a) of this section. Such report shall include—

(1) information with respect to expenses and revenues which is pertinent to the allocation of expenses and the determination and adjustment of postal rates and fees in the manner provided by this title,

(2) such other information as is necessary to enable the Congress, or as may be required by the Congress or an appropriate committee thereof, to carry out the purposes of this title, and

(3) such recommendations as the Postmaster General deems appropriate.

Congressional action prerequisite to adjustments in postage rates and fees

SEC. 207. Except as otherwise provided by law, nothing in this title shall be construed to authorize any change, adjustment, or revision with respect to any postal rate or fee, except by further action of the Congress.

Definitions

SEC. 208. (a) For the purposes of this title, the term—

(1) "cost ascertainment system" means the cost ascertainment system (including the principles and standards thereof) utilized by the Post Office Department (39 U. S. C., sec. 826), for the ascertainment and allocation of expenses and revenues of the postal service, as in effect from time to time, to the extent consistent with this title;

(2) "revenues" and "costs", whether applied to the total postal operation or to the mail classes or services, shall have the same meaning as when used in the Cost Ascertainment Report, and the terms "costs" and "expenses" shall be synonymous; and

(3) "adjusted revenues", whether applied to the total postal operations or to the mail classes and services, shall mean the revenues, increased by the sums authorized under section 204 to be appropriated to the Post Office Department for the public service items referred to in section 203 (c) (3).

(b) Whenever reference is made in this title, or in any other law or regulation in connection with this title, to any of the several classes of mail and services, such reference shall have the same meaning as when used in the Cost Ascertainment Report, except that first-class mail shall include domestic air mail other than air parcel post.

Mr. HOLIFIELD. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. HOLIFIELD: On page 2, strike out lines 14 to 25, inclusive, and appropriately renumber the succeeding sections, and the references to such sections, contained in title I of the bill;

And on page 10, lines 3 and 4 and 14, strike out "the effective date of the rate of postage prescribed by section 102 (a)" and insert in lieu thereof "the effective date prescribed by section 110 (a)";

And on page 10, line 18, strike out "the effective date of the rate of postage prescribed by such section 102 (a)" and insert in lieu thereof "the effective date prescribed by such section 110 (a)."

Mr. HOLIFIELD. Mr. Chairman, the amendments strike out the first-class mail section and make adjustments on page 10, in lines 3, 4, and 14, and line 18, which would necessarily have to be made because they refer to section 102, in case section 102 is stricken.

I am not going to repeat much of what I said before, because I think the same people are here now who were here before.

I regret that the membership is not as large at this particular time as I would like to have it, because the issue is just this: I would like to have the attention of my friends on the right. Many of you voted for the wage increase, just as I did, and you are going to say, "Well, I voted for the wage increases and, therefore, I should vote for this rate increase." In my humble opinion, there is no connection between the two. If the wage increases were going to be granted and if they were tied together in a package, one made contingent upon the other, this might be so. But you are walking into a trap here. The President will veto the two wage bills, the post office pay bill and the classified pay bill. He will veto them. The leadership on the Republican side has told you this. You will vote for the rate increase, and he will let that go through into law, and you will not get your wage increases for the employees. It is not inflationary when you put on the backs of the 3-cent letter user another fifty or sixty million dollars.

That is not inflationary, that is not a deduction from their wages when they have to pay 4 cents for a letter in place of 3; oh, no, that is not inflationary; but if you give the postal employee, who might want to write a letter on his own, \$450 million, spend over \$970 million on some five-hundred-and-some odd-thousand employees in the Post Office Department and nine-hundred-and-some-odd-thousand in the classified service, give them a wage increase, that is inflationary. Inflation works both ways; it works in the rise of costs, and it works in the decrease in the purchasing power of the wage spender. So you are decreasing the value of the wage spender's money, and you are increasing the price of the product. And you are talking about inflation.

As to the question of where the taxpayer enters in, it has been described as the policy of this Government that certain concessions are to be made to mail users. I did not make that policy; it has been in force for years. When you take that policy away by increasing costs to your 3-cent-letter user who is already paying a profit, what do you do? You take the pressure off of these big people. I read to you before where Life Magazine gets a \$9 million subsidy a year; the Saturday Evening Post, \$6 million. You take the pressure off of them. Why? Because the cost is being borne by the little 3-cent-letter user. That is what you are doing when you vote for the increase.

Mr. BROWN of Missouri. Mr. Chairman, will the gentleman yield?

Mr. HOLIFIELD. I yield.

Mr. BROWN of Missouri. The gentleman from Missouri stated to the House that it was impossible to raise second and third-class rates realistically without also raising first-class rates. Is that true?

Mr. HOLIFIELD. The gentleman has a problem there, I will admit, how to

raise second- and third-class rates. That is a problem that has to be taken care of very carefully because you have a lot of small-business men who are using second-, third-, and fourth-class mail, especially third-class mail. You have a lot of small-business men who are involved who cannot pay the increase. The big-business man can pay this increase on first-class mail because he writes it off as part of the expense of doing business; it is only a small cost to him, and there will be a lot of them who will write it off in the expense list. So some big-business men are for this, but they are for it for a reason. There is a real reason. I do not blame my friends over here for passing a bill like this.

The CHAIRMAN. The time of the gentleman from California has expired.

Mr. HOLIFIELD. Mr. Chairman, I ask unanimous consent to proceed for 2 additional minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from California?

Mr. JOHANSEN. Mr. Chairman, I object.

Mr. MURRAY. Mr. Chairman, the issues raised in the amendment offered by the gentleman from California have been fully and thoroughly debated. If the gentleman's amendment is approved it will cut the very heart out of this bill; it would cut over \$400 million of first-class revenues out of the bill. As I said in explaining the bill to the House, the increase on first-class mail is the very heart of this bill, and I appeal to you to vote down the amendment.

Mr. Chairman, I ask for a vote on the amendment.

The CHAIRMAN. The question is on the amendment offered by the gentleman from California [Mr. HOLIFIELD].

The question was taken; and on a division (demanded by Mr. HOLIFIELD) there were ayes 58, noes 106.

So the amendment was rejected.

Mr. LESINSKI. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. LESINSKI of Michigan: On page 2, line 15, strike out "(a)" and on page 2, strike out beginning with line 19 and all that follows down through the period at the end of line 25.

Mr. LESINSKI. Mr. Chairman, the purpose of this amendment is to delete the part of the bill that deals with drop letters and postal and post cards. As you will recall, in 1951 we increased postal cards from 1 to 2 cents. The increase in this bill would make them 3 cents.

Mr. MURRAY. Mr. Chairman, will the gentleman yield?

Mr. LESINSKI. I yield to the gentleman from Tennessee.

Mr. MURRAY. Has not the committee just voted down the amendment proposed by the gentleman?

Mr. LESINSKI. No.

Mr. MURRAY. The gentleman from California included post cards and drop letters, did he not?

Mr. LESINSKI. That is correct. This deals with small business, fraternal, civic organizations, and the like that use

postcards as notices of meetings. The effect of my amendment will be a loss of \$33,000,000. On the other hand, in all fairness to the American public, we increased postal cards in 1951 and we want to increase them again, a total of 200 percent. I hope that my amendment be adopted.

Mr. MURRAY. Mr. Chairman, I rise in opposition to the amendment offered by the gentleman from Michigan [Mr. LESINSKI].

Mr. Chairman, the committee just voted in substance on the amendment offered by the gentleman from Michigan when it disapproved the amendment offered by the gentleman from California [Mr. HOLIFIELD] who offered an amendment cutting out the increase on drop letters. The gentleman from Michigan offers the same amendment but leaves out the increase on first-class letters. The matter has been thoroughly debated. I hope the committee will vote this amendment down.

Mr. ROOSEVELT. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I had the same amendment at the desk as has been offered by the gentleman from Michigan [Mr. LESINSKI]. I want to compliment him on his amendment and I emphasize it is quite different from the amendment offered by the gentleman from California [Mr. HOLIFIELD].

In the first place, it leaves almost intact the entire increase in first-class mail. It is limited to post cards. I think it is time to give a little consideration to the particular kind of people who use post cards in the United States. These are the people who usually cannot afford to write 4- 5- or 6-cent letters and it is necessary for them, therefore, to use the post cards in order to communicate.

If you will look over the figures, all that is being proposed is the elimination of \$33 million out of a total of \$527 million in increased revenues.

If you have any interest in the fact that 3,278,000,000 post cards were used in the United States last year, you will get some understanding of the tremendous importance to the vast majority of people who will be affected by this rate increase.

I sincerely hope that the amendment offered by the gentleman from Michigan will be supported. It does not in any way hurt the fundamental purposes of the bill which has been offered.

Mr. PERKINS. Mr. Chairman, will the gentleman yield?

Mr. ROOSEVELT. I yield to the gentleman from Kentucky.

Mr. PERKINS. I want to join with the gentleman from California in supporting the amendment offered by the gentleman from Michigan. Personally, I feel that somewhere in this bill there should be some semblance left that the Post Office Department is a service organization and that we should not deprive these people who use post cards of that opportunity in many instances by reason of increased rates.

Mr. ROOSEVELT. I thank the gentleman, and I certainly agree with him.

Mr. CEDERBERG. Mr. Chairman, will the gentleman yield?

Mr. ROOSEVELT. I yield to the gentleman from Michigan.

Mr. CEDERBERG. This is an example of how difficult it is to write a rate bill on the floor. If this amendment goes through, you will have your third-class mail, after the second year, at 2½ cents and your post card at 2 cents, and a lot of them will not use the third-class rate. So, you will lose more than \$30 million.

Mr. ROOSEVELT. I disagree with the gentleman. The most important thing to remember is the people who are using it, and you do not give any consideration to the human side of it, and I feel that is something that the

Congress will certainly give some consideration to.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Michigan [Mr. LESINSKI].

The question was taken; and on a division (demanded by Mr. LESINSKI) there were—ayes 56, noes 117.

So the amendment was rejected.

Mr. LESINSKI. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. LESINSKI: On page 3, strike out the table immediately following line 15 and insert in lieu thereof the following:

[Cents per pound or fraction thereof]

	Effective July 1, 1957	Effective July 1, 1958	Effective July 1, 1959	Effective July 1, 1960
A publication having not more than 5 percent of its space devoted to advertisements and that portion of other publications devoted to matter other than advertisements.....	2.3	2.7	3.0	3.4
Advertising portion of a publication having more than 5 percent of its space devoted to advertisements:				
1st and 2d zones.....	2.3	2.7	3.0	3.4
3d zone.....	3.1	3.6	4.1	4.6
4th zone.....	4.6	5.4	6.1	6.8
5th zone.....	6.2	7.2	8.1	9.1
6th zone.....	7.7	9.0	10.2	11.4
7th zone.....	9.3	10.8	12.2	13.7
8th zone.....	10.8	12.5	14.2	15.9

Mr. LESINSKI. Mr. Chairman, to those on my left, you talk about increasing rates and raising the first class to 4 cents, but remember this: The deficit is in the second-class mail. What this does is to raise the rates from 15 percent in the bill now pending to 20 percent. The total additional income would only be about \$10 million more.

Following this amendment, if it is adopted, I shall have an amendment to cut one-half of these rates for small publishers. The effect of it will be that of a press run the first 75,000 copies, will be cut one-half of the proposed rate that I have proposed in the amendment, meaning that they will only get a 10 percent increase. But remember also that many magazines have a million or more copies in a press run. Therefore, publications such as Reader's Digest, Look, and Life will be affected 20 percent with the exception of the first 75,000. The effect is the same as the income-tax law. Any corporation making up to \$25,000 has a tax of 30 percent, but from there on it is 52 percent. The effect of it is to help small publications.

Mr. CEDERBERG. Mr. Chairman, will the gentleman yield?

Mr. LESINSKI. I yield to the gentleman.

Mr. CEDERBERG. The effect of the gentleman's amendment would be that on the 75,000 press run for Life magazine, which publishes 52 weeks a year, to give them a reduction on over 3,900,000 copies.

Mr. LESINSKI. That is correct, but the effect of it is that for magazines on the first 75,000 of the press run, they get an increase of 10 percent. From there on it is 20 percent.

Mr. GROSS. Mr. Chairman, will the gentleman yield?

Mr. LESINSKI. I yield.

Mr. GROSS. It is my understanding that Life magazine, for instance, publishes in several plants or in 2 or 3 or 4 plants. Would this apply to the press run at each plant?

Mr. LESINSKI. No, it is one press run. It makes no difference in how many places it is printed.

Mr. COOLEY. Mr. Chairman, I offer a substitute.

The Clerk read as follows:

Amendment offered by Mr. COOLEY of North Carolina as a substitute for the amendment offered by Mr. LESINSKI of Michigan: On page 3 beginning on line 10 strike out that portion of section 104 to line 1 on page 4, and substitute the following:

"SEC. 104. Section 2 (a) of the act of October 30, 1951 (65 Stat. 672; 39 U. S. C., sec. 289), is amended by striking out the colon which precedes the first proviso and inserting a comma and the following: "and (4) such postage shall be further increased by (a) an additional 10 percent based on the rates in force as of October 30, 1951, beginning on January 1, 1958, (b) by an additional 10 percent, based on the rates in force as of October 30, 1951, beginning on January 1, 1959, and (c) by an additional 10 percent, based on the rates in force as of October 30, 1951, beginning on January 1, 1960."

Mr. COOLEY. Mr. Chairman, in offering this amendment, I am speaking principally for that vital and indispensable segment of the American economy—our rural people. Originally, I planned to limit my amendment so that it would apply only to agriculture newspapers, and magazines, which have provided our American people with the finest farming techniques in the world. However, as I pondered the question of defining what constituted an agriculture newspaper or magazine, I suddenly realized that I would be guilty of a common mistake if I thought for a moment that our rural

people were concerned with agricultural information only.

There have been many developments since the turn of the century which have served to unite the rural and urban people of this Nation. In the mail service, particularly, the advent of rural free delivery was based upon our belief that the people of this Nation should have equal mail service, and I believe the record will bear me out that this was included in postal activities as a service to be provided irrespective of cost. In addition, we have seen the development of improved highways, the advent of rural electrification, the introduction of the automobile, of radio, television, and a host of modern improvements and techniques which are equally available to the people who operate our great farm industry. I am confident that, as a result of this greater union of our people, the average farm family is just as concerned with national and international news and events as any other United States citizen.

With farm income down, I am sure our farmer must rely on the many fine magazines which provide him a great fund of knowledge on the do-it-yourself techniques. His wife and daughters must also have a craving to know the latest homemaking ideas, as well as to follow the fashions of the day. Therefore, I sincerely feel that rural people have interests over and above those which are strictly applicable to farming itself. Vital information on many subjects carried in the Nation's press has made these people better and more enlightened American citizens.

Last year the Congress enacted a rural library bill providing \$7½ million a year for a period of 5 years so that the rural areas of our country would have improved library facilities. This, I am sure, was a direct result of a demand by our rural people for cultural opportunities that have not been heretofore extended to them. This action parallels that of the Congress in 1879 when low second-class rates were established on newspapers and magazines for the purpose of educating and uniting our people. I believe the same need exists today to provide our rural people with the same educational and informational data that is so readily available to our urban population.

There are 25,000 newspapers and magazines with second-class entry and I am reliably informed that many of these are facing a struggle to stay in business. I believe it most unfortunate that several of our prominent periodicals have disappeared from the newsstands in the last year or so. I am not surprised at this when I note on page 670 of the House postal rate hearings that out of 1,243 tax returns on periodicals, 563, or approximately 50 percent, represented returns with no net income and whose total deficit amounted to in excess of \$12 million.

The administration, in its original version of this bill, requested a total of 60 percent increase, in four parts: A 15-percent increase on July 1, 1957, and repeated on the same date each succes-

sive year up to and including 1960. At this late date, I do not believe this Congress would enact a measure increasing rates as of July 1, 1957. This smacks of ex post facto. My amendment would provide an increase of 30 percent in a series of three 10-percent increases spread equally commencing January 1, 1958, and I believe would provide a more equitable solution to the problem.

H. R. 5836, as amended, calls for an increase of greater magnitude—a 60 percent increase in the second-class rates. This increase is punitive: Second-class rates are now 30 percent above the 1951 rates, whereas the 3 cent first-class non-local letter rate has not been raised since 1932.

Publishers are not opposed to postal rates which are based on sound postal policy, but the second-class rates in H. R. 5836 bear no resemblance to sound policy—they are arbitrary and discriminatory.

Back in 1951 when we raised second- and third-class rates there was a serious objection to an increase in first-class rates because, as I recall, second-class rates were not raised sufficiently high enough and Members believed that the 30-percent increase in 1951 still placed an unfair burden on first-class mail. You will recall that the increase requested in 1951 on second class amounted to 60 percent. My amendment will now achieve a total of 60-percent increase since 1951 and this should lay the basis for a more equitable treatment of rate adjustments in other classes. I sincerely believe that low second-class rates must be maintained, but if we are to increase the rates on other classes of mail, then second-class rates should also face some upward adjustment. If my amendment is enacted into law, it will mean that the second-class category of mail will have been increased a total of 60 percent since 1951. The hearings record will show that this will work a hardship on many publishers, but the spread of time is granted to permit them to make whatever adjustments are necessary. Certainly, we cannot in good conscience so drastically revise our policy of long standing and expect the newspapers and magazines of this country to absorb an additional increase of 60 percent at this time. If we accept the administration proposal adding another 60 percent to second-class rates it will mean that our Nation's newspapers and periodicals will have been increased 108 percent since 1951. In view of the low profit margins on agricultural and many other publications, I believe that the administration's proposal is unreasonable and inconsistent with congressional policy of long standing.

Members should bear in mind that a very few large publications, out of the 25,000, might well be able to absorb the increases proposed in H. R. 5836, but does this not tend to encourage monopoly? Does this not force the smaller publications to the wall? I believe that the American press, which is the greatest free press in the world, is strong only because we have many publications in existence. This number should expand rather than decrease, so as to continue

as forceful as possible an enlightened public opinion, which is one of the main underpinnings of our Republic.

Mr. REES of Kansas. Mr. Chairman, will the gentleman yield?

Mr. COOLEY. I yield.

Mr. REES of Kansas. We have had a considerable amount of discussion today and complaint on the part of some people because the second-class rates in the bill were not high enough. Some of them say it ought to be more. As I understand, the gentleman wants to decrease the rates in this bill.

Mr. COOLEY. I am proposing to decrease the rates. The bill contains a 15-percent increase each year for a period of 4 years, making a total of 60 percent. I am proposing a 10-percent increase each year for 3 years, making a total of 30 percent. I do that because of what I have just said, that the impact on the small publishers will be terrific and it will force many of them out of existence.

Mr. REES of Kansas. The gentleman from California and the gentleman from Michigan made very persuasive statements in support of an increase in the rates we have in this bill.

Mr. COOLEY. Yes, but they also propose to make some provision for the very small publisher. I am trying to restrict this increase to these agricultural magazines. We know that they are rendering a service to the rural people of America that is not actually rendered by many of the large magazines which are now enjoying such a great subsidy under the present system.

Mr. REES of Kansas. But the gentleman's proposal does not take care of just agricultural magazines.

Mr. COOLEY. No; I agree with the gentleman that it is not limited to agricultural magazines. I did not limit it to agricultural magazines because of the difficulty of defining just what an agricultural magazine really is. Further, I should like to insist on this thought, at least: When this rural service was provided for the rural people of America it was known as rural free delivery, so our predecessors here in the Congress intended that this should be free service to the rural people of America. Now you are complaining because the rural mail service is not self-supporting. It never was intended that it should be self-supporting, and it has been admitted on the floor today that perhaps it never will be self-supporting.

Mr. LESINSKI. Mr. Chairman, will the gentleman yield?

Mr. COOLEY. I yield to the gentleman from Michigan.

Mr. LESINSKI. The purpose of my amendment was to raise the rate from 15 to 20 percent. The gentleman wants to cut that back to 10 percent.

Mr. COOLEY. That is right. I propose to increase the rate 10 percent for each year for 3 years.

Mr. LESINSKI. If my amendment is adopted, I also have an amendment to cut back to half the small publishers. That is the effect of my second amendment.

Mr. COOLEY. All of this clearly indicates to me that the committee did

not have factual information available to it at the time these provisions were considered. That has been indicated by the speech of the gentleman from Oregon and the gentleman from Michigan and the gentleman from California. This is a good place to compromise. I do not have any ax to grind. I do not have any particular publication in mind. But I do know from the evidence that I have and the information that has been furnished to me that this is going to have a devastating effect on a lot of little rural publishers.

Mr. Chairman, I hope the substitute will be adopted.

Mr. MURRAY. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, this amendment calls for a decrease in the anticipated revenues. We heard the publishers on the bill. This amendment would cut in half the increase we have asked for. I appeal to the committee to vote down the substitute and also the amendment offered by the gentleman from Michigan.

Mr. WITHROW. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I rise in support of the amendment offered by the gentleman from North Carolina because I think it is a just amendment. When you and I speak about magazines we have in mind, or at least most of the people have in mind, such magazines as Life, the Saturday Evening Post, and Look. But there are thousands of other magazines. In fact, I believe there are more than 12,000 magazines published in the United States. An increase of 20 percent is presenting a distinct advantage to the large magazine publishers who by reason of their operations can avoid sending a portion of their publications through the mails, while on the other hand the small publishers do not have that advantage. The small publishers are not on the newsstands, but the large publishers are. In addition to that, it is a distinct advantage because the result of it all will be that a great many of these small publishers will go out of business. Certainly that will help the large publishers. I will give you a few examples of the advantages that the large publisher has. First of all, the Saturday Evening Post, Look, and Life are not in reality current publications. They ship their magazines by express or freight, perhaps, to places in the United States where they can take full advantage of the zone rates. The small publishers cannot do that. The large publishers can. That is why the small publishers should receive a little assistance. When you place the rate at 20 percent, you are putting a great many of them out of business. If you will recall, they took a 10-percent increase for 3 years. This would give them a 10-percent increase for 3 more years. It will be 6 years in all. I believe the small publishers throughout the United States should be given this opportunity to stay in business.

Mr. LESINSKI. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I want the Committee to be sure that they know what they are doing here. First of all, the American public, as such, is opposed to an increase

in the first-class rates because of the large subsidies they pay through taxes for second-class mail. I have tried to work out a fair compromise. The effect of my amendment is to increase it from 15 percent to 20 percent and then to offer another amendment to do the same thing as proposed by the gentleman from North Carolina. Small publishers will get a 10-percent increase. The first run of 75,000 would be 10 percent and from thereon in 20 percent. If you want the wrath of the American public on your heads, go ahead and vote for the amendment.

Mr. GUBSER. Mr. Chairman, will the gentleman yield?

Mr. LESINSKI. I yield.

Mr. GUBSER. In the event that the substitute is voted down and we vote on your original amendment, this amendment would only be for an increase in second-class rates?

Mr. LESINSKI. The gentleman is correct.

The CHAIRMAN. The question is on the substitute amendment offered by the gentleman from North Carolina.

The substitute amendment was rejected.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Michigan.

The amendment was rejected.

The CHAIRMAN. The Clerk will report the next committee amendment.

The Clerk read as follows:

Committee amendment on page 9, strike out lines 14 to 24, inclusive, and insert in lieu thereof the following:

"SEC. 108. Eighty-two percent of the gross postal receipts of all classes of post offices accruing on or after the effective date of the rate of postage prescribed by section 102 (a) of this act shall be counted for the purpose of determining the classes of the respective post offices and the compensation and allowances of postmasters and other employees whose compensation or allowances are based on the annual gross receipts of such post offices. Nothing contained in this section shall operate to relegate a post office to a class or receipts category below the class or receipts category to which such post office may be assigned on the basis of gross postal receipts accruing during the last complete calendar year prior to the effective date of the rate of postage prescribed by section 102 (a) of this act or, in the case of a newly established post office, on the basis of gross postal receipts accruing during the last full quarter prior to the effective date of the rate of postage prescribed by such section 102 (a)."

The committee amendment was agreed to.

The CHAIRMAN. The Clerk will report the next committee amendment.

The Clerk read as follows:

Committee amendment: Page 11, line 14, after the word "than", strike out the balance of line 14, line 15 and line 16, down to and including the word "centum" and insert: "1 percent the costs thereof and (2) that the costs of such fourth-class mail service will not exceed by more than 1 percent."

The committee amendment was agreed to.

Mr. MURRAY. Mr. Chairman, I move that all debate on this bill, and all amendments thereto, close in 30 minutes.

The CHAIRMAN. The question is on the motion offered by the gentleman from Tennessee.

The motion was agreed to.

Mr. RHODES of Pennsylvania. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. RHODES of Pennsylvania. At the end of the 30 minutes will I have an opportunity to offer my amendment?

The CHAIRMAN. The gentleman will have an opportunity to offer his amendment, but there will be no debate on any amendment.

The Chair recognizes the gentleman from Michigan [Mr. LESINSKI].

Mr. LESINSKI. Mr. Chairman, I offer an amendment, which I send to the desk.

The Clerk read as follows:

Amendment offered by Mr. LESINSKI: Page 3, immediately after the table following line 15, insert the following: "The average rates of increase on the first 75,000 mailed copies of any issue of any such publication shall be 50 percent of the rates of increase in postage provided for in the table immediately preceding this sentence."

Mr. LESINSKI. Mr. Chairman, as I mentioned before, the publishers of small magazines who testified before our committee claimed that their cost has gone up between 7 and 10 percent annually. What this will do is to allow the small publishers, on the first 75,000 to cut their overall increase to 7½ percent. Therefore, there will be a loss to the Department estimated at about \$2 million.

Mr. MURRAY. Mr. Chairman, will the gentleman yield?

This amendment was offered in the committee and voted down, was it not?

Mr. LESINSKI. It was voted down, but the point is this: When the administration dictated to the committee, the committee acquiesced to them. I shall not.

Mr. COOLEY. Mr. Chairman, will the gentleman yield?

Mr. LESINSKI. I yield.

Mr. COOLEY. What is the provision of the gentleman's amendment?

Mr. LESINSKI. The first 75,000 will be increased one-half.

Mr. COOLEY. One-half of that provided in the bill?

Mr. LESINSKI. Yes.

Mr. WITHROW. Mr. Chairman, will the gentleman yield?

Mr. LESINSKI. I yield.

Mr. WITHROW. This applies to all magazines?

Mr. LESINSKI. It applies to all magazines.

Mr. WITHROW. All magazines pay one-half the increase on the first 75,000?

Mr. LESINSKI. Yes.

Mr. WITHROW. So that it is not discriminatory?

Mr. LESINSKI. No, sir.

Mr. WITHROW. It is fair.

Mr. LESINSKI. Yes; may I say to my esteemed colleague from Wisconsin.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Michigan [Mr. LESINSKI].

The question was taken; and on a division (demanded by Mr. LESINSKI) there were—ayes 40, noes 96.

So the amendment was rejected.

Mr. CORBETT. Mr. Chairman, I offer a preferential motion.

The Clerk read as follows:

Mr. CORBETT moves that the Committee do now rise and report the bill back to the House with the recommendation that the enacting clause be stricken out.

The CHAIRMAN. The gentleman from Pennsylvania is recognized on his preferential motion.

Mr. CORBETT. Mr. Chairman, I take this time because I have two very important but not complex amendments I wish to discuss.

We worked for weeks and months on this particular bill and now to find that debate is being cut off with no opportunity to consider important matters is, to my mind, very lamentable. Therefore, I just want to take a minute or two on each of these amendments.

One of these amendments is very basic, it deals with the policy portion of the bill wherein language has crept in which would make the policy determination that the Post Office is a business rather than a service. So in the policy statement on page 18, line 5, I shall offer an amendment which will say that the revenue of the Post Office should be more nearly equal to the expenditure in lieu of language that it be "approximately equivalent to". That sounds like a minor item, but it is the difference between recognizing the service features of the Post Office and trying to make it strictly a business. That language will be identical with the language in the preamble of the bill, and I believe that the chairman and the ranking minority member have agreed that the amendment should be written into the bill.

The other item perhaps requires a little more attention. In the matter of third-class mail, this bill proposes to increase the minimum piece rate by half a cent on October 1, 1957, and another half cent on October 1, 1958, which will mean that we will have an increased rate on third-class mail in the matter of 4 years of 150 percent.

It is my feeling that there is great danger that this increase in third-class rates is going to hurt small business drastically and that it may seriously reduce the volume of third-class mail to the point where it could be driven out of the mails.

I am, therefore, proposing a simple amendment to the effect that the Postmaster General shall be given the power, given the right, that if he finds that the increase of third-class mail, the first half cent, is too severe he may suspend the second increase. It is a safety valve. If he does not feel that the increase is hurting, all right; but if he finds that it is hurting the small-business man who uses third-class mail because he cannot afford advertising in the metropolitan papers; the man engaged in selling direct by mail, he can simply suspend the imposition of the second increase. It is a safety-valve

factor and I hope that when the matter is considered the Committee will see fit to adopt it.

Mr. JOHANSEN. Mr. Chairman, will the gentleman yield?

Mr. CORBETT. I yield.

Mr. JOHANSEN. Is the same principle to be applied to second-class mail under the gentleman's proposal?

Mr. CORBETT. I should like to find a way in which it could be applied.

Mr. Chairman, I ask unanimous consent to withdraw my preferential motion.

Mr. JONES of Missouri. Mr. Chairman, will the gentleman yield?

Mr. CORBETT. I yield.

Mr. JONES of Missouri. Under the gentleman's motion that the Committee rise and report the bill back to the House, would it not be possible for the committee to bring the bill back here tomorrow when we could give it a little more time?

Mr. CORBETT. I think the gentleman is so correct. As far as I understand, there is only 1 hour of business programmed tomorrow. We have a lot of important things and I wish we could have a couple of hours on this tomorrow.

Mr. JONES of Missouri. Then withdraw your motion.

Mr. CORBETT. Will the gentleman vote for it?

Mr. JONES of Missouri. I will vote for it, sure.

Mr. SMITH of Mississippi. Mr. Chairman, I rise in opposition to the motion offered by the gentleman from Pennsylvania.

Mr. Chairman, it is appropriate that I oppose the motion offered by the gentleman from Pennsylvania because I want the opportunity to discuss an amendment which I will offer in reference to third-class mail. The gentleman wants to do something to save the junk mail business. My amendment would abolish it.

Mr. Chairman, the House can do something constructive in this bill by just abolishing the bulk mail privilege. If these people have anything to sell they can mail it for 3 or 4 cents or whatever the first-class rate is. There is nothing that we could do which would be more satisfactory to our constituents than to just abolish junk mail. We would save a lot of money for the Government and save a lot of post office time. We will be acting unjustly and unfairly to the mail users of the country if we raise the rate to 4 cents and still allow the mail boxes of our constituents to be cluttered with this junk mail. It is true that the junk mail is being increased slightly by this bill, but it is being increased only with the same differential that exists today. In other words, the junk mail will continue to come unless you do something about it. I intend to offer language to strike out the bulk mail, eliminate that mail privilege and then we will be doing something for our constituents.

Mr. GAVIN. Mr. Chairman, I make the point of order that the gentleman is not talking on the amendment that is before the House. Let him confine his remarks to the amendment.

Mr. SMITH of Mississippi. I am opposing the motion in order to have a chance to speak on an amendment.

Mr. Chairman, this amendment if adopted, gives us a chance to do something toward the abolition of a racket, a junk device that we are foisting on the American people. This so-called service concept of the mail was not designed to give these business firms an opportunity at our expense, at the taxpayers' expense, to come into the citizen's home without invitation. If they have a proposal let them pay for it at the regular full rate and I think they will do better businesswise and Uncle Sam will do better businesswise.

Mr. CEDERBERG. Mr. Chairman, will the gentleman yield?

Mr. SMITH of Mississippi. I yield to the gentleman from Michigan.

Mr. CEDERBERG. I hope that the gentleman's amendment will not be adopted.

Mr. SMITH of Mississippi. I do not yield for a speech. The gentleman is against every change offered. I appreciate his effort to establish himself in the good graces of the Postmaster General who is a powerful figure in his home State but he might give us a chance to get in full freedom on this matter here today.

Mr. CORBETT. Mr. Chairman, I ask unanimous consent to withdraw my motion.

The CHAIRMAN. Is there objection to the request of the gentleman from Pennsylvania?

Mr. HALLECK. Mr. Chairman, I object.

The CHAIRMAN. The question is on the motion offered by the gentleman from Pennsylvania [Mr. CORBETT].

The motion was rejected.

Mr. SANTANGELO. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. SANTANGELO of New York: On page 3, lines 5 and 6, strike out lines 5 and 6 on page 3.

Mr. SANTANGELO. Mr. Chairman, I am going to take an air flight in my argument because of the shortage of time. But, this is a subject that has not been discussed throughout the debate. This amendment would keep the airmail at 6 cents rather than to increase it to 7 cents.

Presently the air mail is operating at a \$25 million profit. The Postmaster General has adopted an experiment which permits him to send air mail from various cities on air cargo at the rate of 3 cents. He has this mail going from New York to Miami, or Miami to Chicago or from Seattle down to San Francisco, and he can operate at a profit by charging only 3 cents and he proposes to increase the rate on airmail from 6 to 7 cents and thereby obtain another \$31 million. This experiment has gone on for a period of more than 3 years. It is time that we enacted a statute which would compel him to fix the rate at 6 cents, keep it at 6 cents, and not to raise it to 7 cents when the post office is making a \$25 million profit in the operation of airmail.

The CHAIRMAN. The question is on the amendment offered by the gentleman from New York [Mr. SANTANGELO].

The question was taken; and on a division (demanded by Mr. SANTANGELO) there were—ayes 57, noes 129.

So the amendment was rejected.

Mr. MURRAY. Mr. Chairman, I ask unanimous consent that the Clerk be authorized to correct the spelling of the word "appropriated" in line 9, page 18.

The CHAIRMAN. Is there objection to the request of the gentleman from Tennessee?

There was no objection.

Mr. MURRAY. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. MURRAY: On page 3, in the table immediately following line 15, strike out "July 1, 1957" and insert in lieu thereof "October 1, 1957" and on page 11, line 23, strike out "July 1, 1957" and insert in lieu thereof "October 1, 1957."

Mr. MURRAY. Mr. Chairman, since July 1 has gone by, it will be necessary to put in a new effective date for this increase, so we substitute October 1, 1957, for July 1, 1957.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Tennessee [Mr. MURRAY].

The amendment was agreed to.

Mr. JONES of Missouri. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. JONES of Missouri: On page 17, line 22, strike out the period at the end of line 22 and add a comma, followed by the word "except" and add a new subsection to read as follows:

"(C) The CONGRESSIONAL RECORD, or any part thereof, or speeches or reports contained therein, shall, under the frank of a Member of Congress, or Delegate, or Resident Commissioner from Puerto Rico, be carried in the mail free of postage under such regulations as the Postmaster General may prescribe, only if directed to addresses within the State, Territory, or Commonwealth served by such Members, Delegates, or Resident Commissioner."

(Mr. JONES of Missouri asked and was given permission to revise and extend his remarks.)

Mr. JONES of Missouri. Mr. Chairman, I took 3 minutes during general debate to discuss this subject. All this amendment does is to restrict the mailing of reprints from the CONGRESSIONAL RECORD under a Member's frank, to the State of residence of that Member of Congress. In other words, it would do away with the United States-wide mailing that I think Members on both sides of the aisle have engaged in. This amendment is not nearly as stringent as I would like to see it, but it does make a start. And if Members want to do something to help correct some of the abuses which have grown up, I think they will find this would be helpful.

Mr. GUBSER. Mr. Chairman, I offer a substitute to the amendment offered by the gentleman from Missouri.

The Clerk read as follows:

Amendment offered by Mr. GUBSER as a substitute for the amendment by Mr. JONES of Missouri: Page 17, line 22, change the period to a comma and insert "except that

no Senator or Representative in, or Delegate or Resident Commissioner to, the Congress of the United States shall mail more than 500 identical pieces of any item of mail (not including responses to communications received by him, routine committee mail, or any other items which are mailed or distributed in the ordinary course of the business of his office), under his frank, to destinations outside the State or district which he represents. This limitation shall not apply to chairman of a standing, select, special, or joint committee of the Senate and/or House of Representatives provided a majority of the members of the committee shall authorize a mailing in excess of this limitation."

(Mr. GUBSER asked and was given permission to revise and extend his remarks.)

Mr. GUBSER. Mr. Chairman, the basic difference between my amendment and the amendment offered by the gentleman from Missouri [Mr. JONES] is that my amendment would allow each Member to mail up to 500 identical pieces of mail outside his own district. It would in no way restrict him in the answering of correspondence or routine committee work which might come from outside his own district.

It also makes an exception in the case of a committee chairman who wishes to advise the Nation of his committee's activities, providing a majority in that committee approve his action and the mailing. There are abuses in the use of the frank. The public frowns upon them. This is a means of expressing to the public that there shall be no future abuses.

The CHAIRMAN. The question is on the substitute amendment offered by the gentleman from California [Mr. GUBSER] to the amendment offered by the gentleman from Missouri [Mr. JONES].

The substitute to the amendment was rejected.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Missouri [Mr. JONES].

The amendment was rejected.

Mr. SMITH of Mississippi. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. SMITH of Mississippi: On page 6, strike out lines 3 to 19, inclusive, and insert in lieu thereof the following: "(2) by striking out the first, second, and third provisos contained in such section; and."

And on page 6, line 20, strike out "(5)" and insert "(3)" in lieu thereof.

And on page 12, strike out lines 3 and 4 and insert in lieu thereof the following:

"(c) The amendment made by section 106 (2) of this title shall become effective on January 1, 1958."

Mr. SMITH of Mississippi. Mr. Chairman, this is the amendment to which I referred a while ago. It would abolish junk mail. Those categories of third-class mail, in other words, mail along that line, would have to be paid for if this bill becomes law at 4 cents a letter instead of 2 cents or 2.5 cents, or whatever would be the result under the bill.

I offer this sincerely in an effort to do away with what I think is a great abuse and to increase the revenue to the Government.

I call your attention to the fact that I am a supporter of the bill and have voted against all the amendments that would reduce the revenue involved in this legislation.

I hope the House today will act in full freedom on this amendment and vote to abolish this junk mail. This is the only opportunity you will ever get to do it. We are not likely to get this bill out of the Post Office Committee as a separate piece of legislation.

I hope you will join with me in voting to abolish junk mail.

Mr. MURRAY. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, this matter was considered by the committee and a majority of the committee is strongly opposed to abolishing third-class mail. We must keep first-, second-, third-, and fourth-class mail. We are giving third-class mail an opportunity to increase. Up to 2 years ago it was just 1 cent. Under this bill it is going up to 2.5 cents. I think it would be a serious mistake to abolish third-class mail and make it all first-class mail. It would be a tremendous burden on the Post Office Department.

I ask that the amendment be voted down.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Mississippi.

The question was taken; and on a division (demanded by Mr. SMITH of Mississippi) there were ayes 91, noes 105.

Mr. SMITH of Mississippi. Mr. Chairman, I demand tellers.

Tellers were ordered, and the Chairman appointed as tellers Mr. SMITH of Mississippi and Mr. MURRAY.

The Committee again divided, and the tellers reported that there were—ayes 103, noes 143.

So the amendment was rejected.

Mr. FISHER. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. FISHER: On page 6, strike out lines 10 and 11, and insert in lieu thereof the following:

"(B) by striking out '1 cent' wherever appearing therein and inserting in lieu thereof '2½ cents';" and on page 6, strike out lines 15 to 19, inclusive, and insert in lieu thereof the following:

"(4) by striking out the third proviso contained in such section; and."

Mr. FISHER. Mr. Chairman, I am supporting this bill. I think it is a very fair bill and a very reasonable one.

Mr. Chairman, this is a very simple amendment. It proposes to increase the rate on so-called junk mail to 2½ cents per piece. The Committee recommends that the rate be increased from 1½ cents to 2 cents on October 1, 1957, and to 2½ cents on October 1, 1959. All this amendment does is to make the 2½-cent rate effective on October 1, 1957.

The increase is needed now. Since 1951—and this could be taken back to 1934—the loss in third-class mail has increased more than the loss in second-class mail, contrary to popular belief. The loss in third-class has increased by \$76 million since 1951 while the loss in

second-class has increased by \$52 million since 1951. The Post Office Department handled in excess of 14½ billion pieces of third-class mail in 1956 and it is increasing at the phenomenal rate of 750 million pieces a year. The Department reports that it is losing money on third-class mail at the rate of \$207,305,000 per year under present rates. In view of the tremendous increase in the number of pieces of third-class mail handled each year, the increasing deficit, and other factors, it seems to me that the 2½-cent rate is more than justified at this time.

This class of mail consists primarily of advertising circulars, miscellaneous printed matter, and merchandise weighing 8 ounces or less. It does not seem right to me that commercial advertising matter should be carried in the mails with heavy expense to the general taxpayer. In 1926, when the cost-ascertainment program was inaugurated, third-class mail was paying 98 percent of its allocated cost. Currently it is paying only 56 percent. If the rate is increased to 2½ cents, third-class mail will be paying 83 percent, under present conditions. This does not take into consideration any anticipated postal employees pay raises nor the application of the carriers, such as railroads, for over \$100 million for services.

Some people contend that large third-class losses are mainly due to the costs of handling matter mailed by exempt organizations which enjoy preferential rates of postage. This is not the case.

Of the excess of costs of about \$207 million in third-class mail in 1956, approximately \$25 million was the result of handling the mailing of nonprofit organizations. The balance, about \$183 million, was directly incurred in handling regular third-class mail, mailed for profit. The facts are clear. It is largely the commercial advertisements of profit-motivated firms which are responsible for the losses in third-class mail.

Finally, I would like to make it clear that I am not criticizing direct-mail advertisers. I believe the Post Office Department should continue to make available a service which can carry any sales message to any home in the land. I am simply saying that direct-mail advertisers should pay more postage effective October 1, 1957. It would seem to me that every fair-minded direct-mail advertiser understands the indispensable value of postal service to his operations. How then can there be valid objections to a fair postal increase to offset increases in the costs of the Department in handling the tons of advertising carried each year?

The CHAIRMAN. The question is on the amendment offered by the gentleman from Texas [Mr. FISHER].

The question was taken, and the Chair being in doubt the committee divided and there were—ayes 147, noes 74.

So the amendment was agreed to.

Mr. CORBETT. Mr. Chairman, I demand tellers.

Tellers were refused.

So the amendment was agreed to.

The CHAIRMAN. The Chair recognizes the gentleman from Pennsylvania [Mr. CORBETT].

Mr. CORBETT. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. CORBETT: On page 18, line 5, strike out the words "approximately equivalent to" and insert in lieu thereof the words "more nearly equal to."

Mr. MURRAY. Mr. Chairman, as far as I am concerned I shall accept the amendment.

Mr. CORBETT. I thank the gentleman.

Mr. REES of Kansas. Mr. Chairman, we have no objection to the amendment.

Mr. CORBETT. Mr. Chairman, I am glad to see that commonsense has finally prevailed.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Pennsylvania [Mr. CORBETT].

The amendment was agreed to.

The CHAIRMAN. The Chair recognizes the gentleman from Pennsylvania [Mr. RHODES].

Mr. RHODES of Pennsylvania. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. RHODES, of Pennsylvania: On page 4, immediately following line 24, insert the following:

"(d) Section 2 of such act of October 30, 1951, is amended by adding at the end of such section the following new subsection:

"(e) If, at any time during any Post Office Department fiscal year, beginning with the fiscal year ending June 30, 1958, the costs incurred by the Post Office Department (as ascertained under the cost ascertainment system of such Department) in connection with the mailings of any user at rates provided in subsections (a) and (d) of this section exceed by \$100,000 the revenues received by such Department (as ascertained under such cost ascertainment system) in connection with such mailings of such user, the Postmaster General shall fix and determine, for the remainder of such fiscal year, the rates for such mailings of such user on a basis which will effect, as nearly as may be practicable, the equalization, during the remainder of such year, of the revenues received, and the costs incurred, by the Post Office Department in connection with such mailings of such user. From and after the beginning of the Post Office Department fiscal year immediately following the fiscal year in which rates for such mailings of such user are made effective by action of the Postmaster General under this subsection, the rates of such mailings of such user shall be as provided in subsections (a) and (d) of this section, subject to the application of this subsection. This subsection shall not apply to any organization, association, newspaper, periodical, or publication within the purview of the second or third proviso of subsection (a) of this section and publications mailed by others than publishers or authorized news agents."

Mr. RHODES of Pennsylvania. Mr. Chairman, all this amendment does is to place a limitation of \$100,000 on the amount of subsidy to any user of second-class mail during 1 fiscal year.

It seems to me, Mr. Chairman, that when postal subsidies, to one publisher reaches approximately \$10 million in a single year, it is time for Congress to take steps to stop this waste of taxpayers' dollars.

This is not a new approach to bring about a reduction in the postal deficit where losses are most heavy. This amendment was offered in a bill that I introduced in the 84th Congress, and which was again introduced this year.

Nor is the principle of limiting subsidies to second-class users unique. My colleagues will recall, just recently, that a \$3,000 limit was placed on payments to individual farmers under the acreage reserve program in the Agriculture Department appropriations bill. Some big farm landlords and corporation farmers received as much as \$200,000 a year in soil bank money for not planting crops.

The \$3,000 soil-bank limitation was wisely voted by Congress to put a stop to these unwarranted handouts. Last year, by a vote of 78 to 11, the other body voted to limit price-support subsidies to any one farmer producer to \$100,000 annually. This limitation was never finally enacted, but the proposal illustrates the thinking of many Members of the Congress in both bodies, and in both parties. It was an expression of the thought that we should slow down on excessive subsidy payments like these, whether it be in agriculture, the postal service, or any other area.

I feel, Mr. Chairman, that my amendment should have a strong appeal to all Members of the House. It should have the support of those who are opposed to Federal-aid programs, for there are many millions of dollars in Federal aid in this postal rate bill. It should appeal to House Members because it is an economy amendment. It has an appeal to those Members, who feel as I do, that a 4-cent first-class rate is not justifiable unless we take steps to limit these big postal subsidies.

I am not opposed to the proposed 4-cent rate because I feel it is excessive. Even at 5 cents, letter postage would still be a big bargain. If the Post Office Department were run by private interests, we know that it would cost many times this amount and the service would not be as good. I am opposed to the committee bill because it is discriminatory and because it places an unjust and disproportionate burden on those who are already paying more than their fair share of the costs of the postal service.

To increase postage rates as proposed in this bill would not help the average citizen. It would not be in the public interest. The real beneficiaries would be the big publishers whose unconscionable subsidies would be made more lasting and more secure. The publishers cannot make a good case against this amendment to limit Federal aid in postal subsidies. I say this because the big maga-

zines have been the sharpest critics of Federal aid legislation. For example I have a copy of a reprint from the Reader's Digest, entitled "The Biggest Con Game in Politics." On page 2 of the pamphlet the story starts by saying that Federal aid to States and communities has become a source of staggering extravagance. Let me say to you, and to the Reader's Digest, that if aid to the States and to the people for schools, health, conservation, and research is a waste of the people's money, how in the name of commonsense can we justify Federal aid to Reader's Digest of approximately \$5 million a year, and to other big publishers, some of whom receive even greater subsidies?

The Digest may claim that this article, written by former Governor Driscoll of New Jersey, does not necessarily represent the views of the Digest, yet it is quite evident that these planted stories are usually more effective in expressing the publisher's thoughts and interests than any editorial. After the article was published through the cooperation of the Digest, reprints were made to flood the country with this propaganda.

This attack on Federal aid said nothing about Federal aid in postal subsidies. Few individuals or corporations in this country get Federal aid benefits which are greater than postal subsidies. Members who come from farm districts should be interested in this amendment since second-class postal subsidies amount to much more than what has been paid to the Nation's farmers in price-support subsidies.

Opponents of my proposal will contend that it is unworkable. That argument is not valid. Once the amount of subsidy has been reached, as determined under the cost ascertainment system of the Post Office Department, the Postmaster General is directed to readjust the rates of the second-class mail user, so that the revenue from handling that user's publication equals, as nearly as practicable, the costs incurred to the Department in handling the mailings of such user. At the end of the fiscal year, the established second-class rates shall again apply to the user's mailings until such time as the limitation is exceeded during another fiscal year. It is workable, it is practical, if there is a will by the Congress to cut down on big postal subsidies.

My amendment would not disturb present exemptions on newspapers or periodicals such as religious, educational, and fraternal organizations which are now exempt.

The latest available estimates of subsidies paid to big magazines are contained in the following report showing revenue received and cost of handling, as prepared by the Division of Cost Analysis, Bureau of Finance of the Post Office Department:

U. S. Post Office Department estimated annual revenues and costs of selected leading magazines

[In thousands of dollars]

Publication	Revenue ¹	Cost ²	Difference (cost minus revenue)
Life.....	7,485	16,979	9,494
Saturday Evening Post.....	3,488	9,557	6,069
Look.....	1,534	5,016	3,482
Ladies' Home Journal.....	1,530	3,449	1,919
McCall's magazine.....	1,097	2,604	1,507
Reader's Digest.....	1,082	5,891	4,809
Good Housekeeping.....	881	2,175	1,294
Better Homes and Gardens.....	758	1,904	1,146
American Home magazine.....	623	1,753	1,130
National Geographic.....	486	1,821	1,335

¹ In general, the revenue estimates are based on data from administrative records covering the mailings of all issues of these publications for the month of March 1956, extended to annual revenues on the basis of the number of issues per year. For Life magazine, revenue estimates were based on mailings of the first 3 issues in March. Revenues and cost estimates for Better Homes and Gardens and Saturday Evening Post are based on issues for the month of November 1954, and for Reader's Digest these estimates are based on the November 1955 issue.

² A complete cost analysis of the publications listed in this table would require detailed studies at all points of entry and of the large number of delivery offices. Such analysis would of course be very expensive and time consuming; therefore, the estimates have been developed as outlined below.

Source: Division of Cost Analysis, Bureau of Finance, U. S. Post Office Department. The column showing the difference between cost and revenue was computed by the Legislative Reference Service.

Mr. Chairman, time does not permit me to give all the details but they will be included with my remarks under my privilege to extend.

These figures show that in March 1956 the second-class postal subsidy being paid to Life magazine was running at an annual rate of \$9,494,000. Saturday Evening Post's subsidy, based on November 1954 circulation, was \$6,069,000. Reader's Digest was receiving an annual subsidy of \$4,809,000, based on November 1955 circulation. Look magazine's subsidy was running at an annual rate of \$3,482,000 in March 1956. Six other large magazines received between one and two million dollars each.

Moreover, these estimates are conservative since most of the magazines have increased their circulation since this report was compiled. Still other large mail subscription magazines were not included in the study. The annual second-class subsidy paid to magazines and periodicals would be substantially reduced if my amendment is adopted.

The educational, news, and service values of magazines and periodicals of general interest has often been given as justifying the tremendous handouts. My amendment recognizes that magazines perform some general service to the public in this area, but limits the subsidy for this service to \$100,000 a year.

Spokesmen for these groups always appear before the committee whenever a second-class mail increase is offered. They appeared before the committee in 1951 when the last rate increase was being considered to plead against increases because of their lack of financial means to absorb the increase without raising the price of their magazines, which they said would reduce circulation and cut into their meager profits. This has not happened. The bill which was eventually enacted in October 1951 (Public

Law 233, 82d Cong.) increased second-class rates by 10 percent a year for each of 3 years, beginning April 1, 1952. It has now been more than 3 years since the last of these increases took effect.

Now, let us see what effects these rate increases had on magazine publishers during this period. I requested the Legislative Reference Service of the Library of Congress to furnish me available financial data of leading magazine publishing companies for the period 1952-56. The results of this study are extremely interesting and most pertinent to the objective of the subsidy-limiting amendment which I have offered.

During this period Time, Inc., publishers of Life, Time, Fortune, House and Home, Sports Illustrated, and which also has substantial interests in paper companies, radio, and television, increased its net profits after taxes from \$7,750,000 in 1952 to \$13,850,000 in 1956. The 1956 figure includes capital gain received from the sale of stock in the Houston Oil Company of Texas.

McFadden Publications, publishers of such magazines as True Story, Photoplay, True Romance, TV-Radio Mirror, and True Detective increased their profits after taxes from \$281,000 in 1952 to \$636,000 in 1956.

Curtis Publishing Co., publishers of Saturday Evening Post, Ladies Home Journal, Holiday, and other magazines,

increased their profits after taxes from \$4,404,000 in 1952 to \$6,234,000 in 1956.

McGraw-Hill Publishing Co., publishers of Business Week and 27 other specialized business-trade magazines, more than doubled its net profits after taxes during this period, increasing from \$3,273,000 in 1952 to \$7,871,000 in 1956.

Meredith Publishing Co., publishers of Better Homes and Gardens, Successful Farming, and which also operates a number of radio and television stations through subsidiary corporations, increased its net profits after taxes from \$2,938,000 in 1952 to \$4,047,000 in 1956.

Financial data on many other leading magazine publishers is not available from public sources. These include Reader's Digest, with a circulation of more than 11 million copies monthly; Cowles Magazines, Inc., which publishes Look magazine with a circulation of more than 4 million; Confidential, Inc., publishers of Confidential with a bi-monthly circulation of almost 3½ million, and who are now engaged in a court action. Mr. Chairman, many other magazines on this listing, prepared by the Legislative Reference Service, would seem to have little educational value. I will include the list in the RECORD so that my colleagues may judge for themselves the types of magazines being carried through the mails at taxpayers' expense and for which there is no financial data on their operations available:

Selected publishing companies which publish magazines with total circulation of over 1,000,000 (and not listed by Standard & Poor's or Moody's)

Company	Magazines	Circulations
American Home Magazine Corp..... Martin Goodman, publisher.....	American Home..... Complete women's group (Confession Stories, Filmland, Life Confessions, My Romance, Screen Stars, Secret Confessions, TV People, TV World, Time Secrets). Complete men's group (For Men Only, Male, Men, Stag).	3,102,406 1,561,358
Confidential, Inc..... Dell Publishing Co.....	Confidential, bimonthly..... Dell Modern Group (Modern Romances, Modern Screen, Screen Stories). Dell Men's Group (Front Page Detective, Inside Detective).	3,442,536 2,594,783 638,978
Fawcett Publications, Inc.....	Fawcett Men's Group (Cavaller, Startling Detective, True Police Cases). Fawcett Women's Group (Motion Picture, True Confessions).	704,334 2,102,724
Farm Journal, Inc..... Hearst Corp..... Cowles Magazines, Inc..... Periodical House, Inc.....	True..... Farm Journal..... Good Housekeeping..... Look, biweekly..... Secrets Romance Group (Confidential Confessions, bimonthly; Daring Romances, bimonthly; Revealing Romances, monthly; Secrets, monthly).	2,116,960 3,623,554 3,602,533 4,189,004 1,250,820
Popular Publications, Inc..... Reader's Digest Association, Inc..... Triangle Publications, Inc..... U. S. News Publishing Corp..... Weekly Publications, Inc.....	Argosy..... Reader's Digest..... TV Guide..... U. S. News & World Report..... Newsweek, weekly.....	1,384,730 11,024,410 3,975,241 820,998 1,063,281

Source: Legislative Reference Service, Library of Congress.

A study of the second-class-mail subsidy reveals the strange fact that as a publisher becomes more successful, as his circulation, and presumably his profits increase, his mailing operations cost to the Post Office Department also increases and the second-class-postal deficit grows larger.

The magazine publishing business today is booming. Advertising Age reports that national magazine advertising revenue hit a record high of \$931,475,192 in 1956 as compared with \$841,349,349 in 1955, an increase of 10.7 percent. Ninety-three general and farm magazines alone had \$723,549,487

of the 1956 advertising revenues. In 1956, General Motors spent \$25,685,637 on magazine advertising. General Electric spent \$13,906,103 and Procter & Gamble \$10,781,931 on magazine ads during 1956. Curtis Publishing Co. had advertising revenue of over \$119 million during the past year.

Reader's Digest has announced a 10-percent advertising rate increase effective next January 1st. A four-color page ad in Reader's Digest will cost \$38,000, topping the previous record high of \$37,975 for a single page ad which Life magazine will set with its September 9, 1957, issue. Coronet mag-

azine, published by the Esquire Co. also raised its advertising rate, along with such magazines as Look, Newsweek, Sports Illustrated, and Ladies Home Journal. Time, Inc. is now building a new 47 story Time and Life Building, opposite Radio City Music Hall in New York City at a cost of \$7 million. Business is booming in the advertising and publishing businesses, while their postal subsidies continue to rise.

Mr. Chairman, by adopting my amendment we can call a halt to the tremendous subsidies which go to big publishing interests. This amendment will not hurt smaller publishers, but will only require the handful of giant publishers to carry their fair share of the postal costs incurred by the Department in handling of their magazines. A much more strict limitation, proportionately, than is offered in this amendment was written into the acreage-reserve program to be applied to farmers during the coming fiscal year.

The amendment recognizes that there are certain educational values of current magazines circulating through the mail. It merely places a subsidy limit of \$100,000 on these values for any one second-class-mail user. It continues the exemptions for nonprofit groups. It curbs the abuses which now contribute heavily to the postal deficit.

Mr. Chairman, I urge the adoption of the amendment.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Pennsylvania [Mr. RHODES].

The question was taken; and the Chair being in doubt, the Committee divided and there were—ayes 130, noes 133.

Mr. RHODES of Pennsylvania. Mr. Chairman, I demand tellers.

Tellers were ordered, and the Chairman appointed as tellers Mr. MURRAY and Mr. RHODES of Pennsylvania.

The Committee again divided, and the tellers reported that there were—ayes 171, noes 147.

So the amendment was agreed to.

The CHAIRMAN. The Chair recognizes the gentleman from Illinois [Mr. O'HARA].

Mr. O'HARA of Illinois. Mr. Chairman, I am in artistic confusion. What should be the design on the 4-cent stamp? Should it carry the pirate's flag or should it carry the elephant with the Postmaster General riding astride?

Let us know exactly for what we are voting, and let us take the facts firsthand from the committee's own words. On page 3 of the committee's report, which is identified as Report No. 524, we are told that the first-class rate increase will bring in \$314.7 million a year. The ranking minority member of the committee, the distinguished and highly respected gentleman from Kansas [Mr. REES], has told us in debate that first-class mail now is failing to pay its own way only by a slight margin. Others maintain that the post office's own figures show that first-class mail is making a good profit. But accepting the figures of Mr. REES and of others supporting this bill, the post office's loss on first-class mail is of almost negligible volume.

Now turn to page 14 of the committee's report, identified as Report No. 524. Here the committee tells us that second-class mail constitutes 12.2 percent of total prices of mail handled by the post office or 24.7 percent of the total in pound weight. Despite the fact that second-class mail is one-fourth of the total mail handled in pound weight, the committee report on page 14 frankly tells us that it pays into the post-office receipts only 2.7 percent of total revenue. That means, in plain language, that for 25 percent of use there is made a contribution of less than 3 percent to the cost.

But let us continue with the reading of the committee's own words on page 14 of its report, identified as Report No. 524. Please bear in mind that these are not my words or my figures. They are the committee's own words and figures, and you will find them on page 14 of the committee's own report, identified as Report No. 524.

Let me read the exact words:

Since 1945 the costs of handling second-class mail have exceeded revenues from this mail by over \$2.3 billion. * * * In 1956 the excess was \$252,500,000. * * * The (second class) increases recommended by the committee will produce additional revenues of \$33 million when all rate adjustments are in effect.

Summarized, what the committee is telling us in its report, identified as Report No. 524, is that as a contribution to an annual loss of \$252.5 million in the handling of second-class mail the publishers responsible for the loss, and benefiting from it, will pay only \$33 million, leaving \$219.5 million to be borne by somebody else.

Now turn back to page 3 of the committee's report, identified as Report No. 524, for answer to the question: From whence is to come the money? Here we are told with honest candor that the money to pay the big publishers' bill, as well as to make up the deficits on third-class mail, some \$315 million in all, is to be extracted from the users of a mail service that by actual figures makes a profit or, if you accept the reckoning by intangibles, comes mighty close to breaking even.

I have great respect for the committee and for its able, earnest, and sincere chairman, for whom I hold a warm affection, however, much at times we may have honest differences on issues, and philosophies. I appreciate the complexity of the problem of postal rates, and the hard work the members of the committee have given to the subject in the spirit of commendable devotion to duty.

But I am fearful that in their zeal to find a path from the wilderness of postal deficits they have fallen into the path of least resistance. It is the easy path, because the men and women, whose 3-cent stamps turned into 4-cent stamps to pay someone else's bills, are scattered in millions of homes our country over, and are lacking an organized voice to speak for them.

So, Mr. Chairman, I lapse again into artistic confusion, puzzled whether the design on the proposed 4-cent stamp should be that of an old-fashioned pirate

or a Postmaster General, model 1953, astride a trumpeting elephant.

Mr. PORTER. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. PORTER: On page 7, lines 5 and 6, strike out "10 cents" and "5 cents" and insert in lieu thereof "8 cents" and "4 cents."

On page 12, strike out line 8 and all that follows down through line 17 on page 21.

(Mr. PORTER asked and was given permission to revise and extend his remarks.)

Mr. PORTER. Mr. Chairman, all the first amendment asks is that the 25-percent increase in the rate on books and educational films in section 107 in this bill go back to what it was. When we finish the increases on second-class mail in this bill, they will be paying 31 percent of their way. As the result of this 25-percent increase in the rate on books and educational film, they will be paying 75 percent of their way. This amendment is to put the bill back with no increase on these books, because it will fall largely on educational institutions and libraries. Therefore, this is part of the service the post office should give.

The other amendment is simply to strike title II, which purports to give the policy for this bill. I say it has some fine language in it, but it is very inadequate. Further, the first part of the bill does not pay any attention to it. The policy of this bill is to soak the first-class mail user and to take a big step in the dark. It is an improvident, ill-considered increase on first- and second-class mail. So the postal policy should be stricken, and the committee should write a policy section that can be defended as based on making the user pay for the cost of the service he is given and by class of mail, except as we decide in very specific terms a percentage of subsidy, if we decide any at all, should be given for second- and third-class mail.

The action of the committee approving a 25-percent increase in the rate on books and educational films in section 107 of the bill is not sound postal policy and is inconsistent with the earlier action of the committee on March 20, 1957 in reporting unanimously on H. R. 5206, a bill dealing with certain public services performed by the Post Office Department. H. R. 5206 establishes certain postal rates, including the book rate, as public service rates which should not be expected to cover fully allocated postal costs. No reason was presented in the hearings as to why this policy, approved by the action of the committee on H. R. 5206, should now be changed in this bill by increasing the book rate by 25 percent. Under the provisions of H. R. 5836 as approved by the committee, books and other educational and cultural materials sent under the book rate, would immediately be required to pay rates returning about 75 percent of fully allocated postal costs. This contrasts with the much more favorable rate granted to second-class matter which, even with its advertising content, will be paying under this bill at the end of 4 years less than one-third

of fully allocated costs. In view of the great educational and cultural value of the materials included in section 107 of the bill, and the fact that this increase will be born, in large part by educational institution and libraries which pay the postage charges on their purchases of these materials, this rate should not be higher than the second-class rate.

The extension of the book and library book rates to other educational materials for the first time in section 107 of the bill represents a desirable and long needed minor adjustment of certain postal classifications. On the other hand, no evidence was presented by the Department to support its estimate that the cost of these additions would amount to \$5 million per year, thus offsetting the \$5 million in additional revenue which will result from the 25-percent increase in the present rate. Nor did the Department attempt to refute testimony presented by reputable educational and library organizations in the hearings that the cost increase from the addition of these materials would amount to no more than \$1 million per year.

The present postal rate bill is based on a statement of policy which does not spell out so-called public services and which provides that the cost-ascertainment system, with its uncertain conclusions, be used as a basis for ratemaking.

It seems to me that there is need for the Congress to establish a basis so that both the Post Office Department and the Congress would know what we are asking the users of the mail to pay. For example, do we ask the users to pay a \$100 million estimated subsidy to the railroads? Are we asking the users to pay the losses on books and exempt publications which total over \$60 million. Finally, are we going to ask the users to contribute a tremendous profit on first-class mail?

As was set forth in the minority views of the House committee report:

It is the duty not only to the Congress but to the people, to mark out and define basic policy of public service; this obligation has not been met.

A few examples will serve to illustrate my contention. On page 113 of the cost-ascertainment report table 100-A shows the total second-class deficiency for 1956 to be \$269 million, yet in this very same document, in table 100 we find the loss on second-class mail amounting to approximately \$102 million. This is a variation of \$167 million which, in my opinion, permits the Post Office Department great latitude in the matter of determining second-class costs.

When they state the lesser loss on second-class mail they, of course, increase the loss on first-class mail. True cost-ascertainment figures would show a profit of approximately \$35 million on first-class mail, yet when the Post Office Department finishes juggling its figures on a premise not heretofore authorized by the Congress, they come up with a loss on first-class mail of over \$346 million. I contend that with the proper policy guidance from the Congress, the Post Office Department can do just about anything it chooses with its cost-ascertainment figures.

In the \$102 million shown as a loss on second-class mail there are still a number of public-service factors, for which the Post Office Department itself is not requesting an increase. When you speak of \$102 million loss on second-class mail, bear in mind that this loss still contains such items as \$28 million loss on exempt publications; a loss of \$11 million caused by the exemption of the first 5,000 circulation of weekly newspapers from rate increases; free-in-county, \$7 million; and other items which would greatly reduce even the \$102 million loss.

How does the present administration expect the Congress to come to grips with this problem without better guidelines than have heretofore been established? Do we abdicate congressional control of ratemaking to the extent that a Postmaster General can have a free hand in determining what is best for the American people? I am confident that a great many years of hard and fruitless work could have been avoided if the Congress had established a firm basic policy upon which to evaluate rate proposals, and finally upon which to take intelligent action.

I have talked to a great many users of mail services who have told me that without a policy they are at a loss to know the size of the mortgage they are asked to pay off. I think we owe the people of the country a better deal than is contained in the present so-called policy provision under title II of this measure.

I want to direct the committee's attention that nine members of the House Post Office and Civil Service Committee affixed their names to minority views. There were three specific dissenting statements, each one of which laid emphasis on the need for an adequate postal policy as a basis for a proper rate bill. I, for one, believe that this measure should be recommitted to the House Post Office and Civil Service Committee for the purpose of asking this committee to develop an adequate postal policy which, in turn, would serve as the Department's basis for its proposition and the Congress' basis for its disposition.

There are a number of ways to advertise and sell goods: through newspapers, radio, television, billboards, and magazines. Such advertising has brought to the attention of the American people new products and new ideas. The American people respond to such advertising. As a result there are buyers for our vast industrial output. Whenever the buying public loses its incentive to acquire the things they produce, the economy will stagnate. The American Republic need never be ashamed of the vital part advertising plays in getting people to buy goods and services. We are a capitalistic Nation. It is not wrong to make a profit.

One important segment of the economy has been the object of concern—small business. As business failures mount among the ranks of smaller concerns, the feeling grows that mammoth corporations pick up the pieces and continue to expand. It is generally recognized that the American dream of everyone's right and ability to start from scratch

will have been destroyed unless steps are taken to strengthen the economic position of hundreds of thousands of struggling small-business firms, such as pear growers and cheesemakers in my district.

Both major political parties have expressed their concern for the small-business man. Their platforms have always contained planks which assert their willingness to adopt measures to protect him in an era of corporate merger—big companies joining with bigger ones. In spite of this spreading cancer in the body politic, we have a tendency to fall back on pious platitudes when speaking of the little fellow. We do not take all the time we should to investigate his problems, to hear his complaints and to act on them. As a result we sometimes take actions—unconsciously and without malice, it is true—which dig but a little deeper his economic grave.

The postal-rate bill now before us is a case in point.

In opening these remarks I referred to various types of advertising. I did not list third-class mail—that category of mail which is so often referred to as "junk" or "nuisance" mail. It is a valuable form of advertising. Only one thing distinguishes it from all the others.

Where big business has the financial wherewithall to afford network radio and television shows, full-page ads in newspapers and magazines, such is not the case with the small-business mailer. In a word, third-class mail is the selling tool of the small-business man. Take it away from him and he is helpless to continue. His margin of profit generally is so tenuous that even a small increase in his selling costs can wipe it out completely.

We are sometimes politicians before we are statesmen. To a large extent our thinking and our actions are guided by what we read in the press and in our correspondence. Oftentimes it is politically expedient to go along with such opinion, even though we may suspect or know that a differing viewpoint has greater validity.

It behooves us, it seems to me, to take a great big look at this "junk" mail charge. Third-class mail is nothing new. It has existed since 1862. As a fill-in, deferred service category of mail it has provided revenues for the postal service in the same way that low-priced night telegrams enable Western Union to keep its expensive facilities utilized during slack periods.

Third-class mail has very few friends in the congressional arena. My able colleague from Pittsburgh, BOB CORBETT, is about the only one who, year in and year out, has attempted to demonstrate the importance of this small man's selling tool in the American economy. If this small plea on behalf of the 225,000 third-class bulk mail permit holders gains but one recruit, my remarks will not have been wasted. You will find in the postal-rate bill a part of Mr. Summerfield's policy formula the condition that "consideration shall be given to the effect of postal services and the impact of postal rates and fees on the users of the mails."

During the hearings on the bill I sought in vain for an answer to the ques-

tion: Can the users of third-class mail continue in business if the Congress raises their rate 150 percent in the short span of 4 years?

No one came forward to answer this one. Mr. Summerfield guessed that everything would be all right. The Secretary of Commerce, Mr. Sinclair Weeks, had nothing to contribute on the subject. And the Small Business Administration was not heard from at all. Yet, I think Members will agree that 150 percent is quite a substantial hike, whether we are dealing with the water bill, taxes, the price of dog tags, or anything else.

Last year's bill did not provide for a 150-percent increase over the third-class rate previously in effect. In July 1952 the minimum piece rate was increased from 1 cent to 1½ cents. In the last Congress, Mr. Summerfield proposed a 2-cent rate for third class. He did not get any increases then, and he is raising his sights on third class to 2½ cents. He has provided no logical argument for such an increase.

Since we have no information to guide us regarding the ability of third-class users to withstand an increase of from \$15 to \$25 per thousand, it might be well for the House to consider for a moment what persons are affected and what their contribution to the economy is.

We have the testimony of witnesses who claim the following:

First. There are 225,000 bulk permit holders; that they are situated in every congressional district in America.

Second. Third-class mail presently pays \$250 million annually in postage.

Third. The value of goods and services sold through third-class advertising exceeds \$15 billion annually—which is 3 times the value of oil produced each year in the United States.

Fourth. Four to five million people depend wholly or partially on such direct mail sales for their livelihood.

Fifth. As a result of the rate increase of July 1, 1952, third-class users are paying \$95 million more in postage each year than they did prior to July 1, 1952.

Sixth. That the goods and services totaling \$15 billion are produced in all of the 48 States.

Seventh. That 95 percent of the 225,000 bulk permit holders qualify as small business.

Eighth. That the term "junk" mail was coined by the newspapers which consider third class as a competitive advertising medium.

Ninth. That the embargo on third-class mail ordered by the Postmaster General last April, coupled with a complex and unworkable zoning requirement now under consideration, makes clear Mr. Summerfield's intention to greatly diminish the volume of third-class mail.

Shall we vote to make the increase on third-class mail 150 percent over what it was in 1952? I am frank to admit I am disturbed about the possible hardships which will flow from such a rate. I do not believe the volume of mail will remain at 15 billion pieces under the impact of a \$25 per thousand rate. If that should be the case, Mr. Summerfield is not going to get the \$128 million additional revenue he estimates from this

category of mail. Some qualified observers suggest the volume will drop to 10 billion pieces. If so, does that mean sales of goods and services will also decline one-third, from \$15 billion to \$10 billion annually? Should that be the result it will be obvious to the most uninformed that unemployment will result, tax revenues will be reduced and the number of business failures will increase.

By voting for a 2½-cent rate on bulk third-class mail, there is a very good chance the Federal Government will lose as much as \$2 billion in tax revenues.

As I said earlier, I do not know all the answers. If such a rate is enacted, let us all hope I am wrong. I would feel a little more confident if our able Postmaster General had presented to our committee some economic data on this subject. I will be the first to admit that his introduction of the ballpoint pen to the Nation's post offices was a stroke of genius but I am not inclined to credit him with more than blind, unyielding bullheadedness in the complex field of postal policy.

The late Senator Barkley often told a story on himself which might very aptly be applied to Mr. Summerfield. It concerned the town bum who had died leaving behind him a record of jailings for drunkenness, wife-beating, and general cussedness. At the funeral rites not even the minister could bring himself to say a kind word about the deceased. In attendance was the town barber who, as the coffin was being lowered into its grave, commented: "He might not have been much, but I will say one thing about Jim—he was an easy man to shave."

The bill should be defeated. It is imprudent and unfair.

Mr. MURRAY. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, I hope these two amendments will be voted down. They were submitted to our committee. The gentleman from Oregon well knows that the increase on books is very moderate from 8 cents to 10 cents per pound. Furthermore, the policy provisions of this bill were adopted overwhelmingly by a majority of our committee, and I ask that both amendments offered by the gentleman from Oregon be voted down.

The CHAIRMAN. The question is on the amendments offered by the gentleman from Oregon [Mr. PORTER].

The amendments were rejected.

The CHAIRMAN. The Chair recognizes the gentleman from Kansas [Mr. REES].

Mr. REES of Kansas. Mr. Chairman, I want to use this 1 minute to explain that the amendment adopted a few minutes ago, which was referred by the gentleman from Pennsylvania [Mr. RHODES] is something you should think about. In my judgment, it is utterly impossible of administration. We talk about the subsidy for magazines and newspapers. I have been for reducing the subsidy as much as we can. But, the way you subsidize is by favorable rates. Under this amendment, you fix a limit of \$100,000. How in the world are you going to be able to figure out the \$100,000 so-called subsidy for each

magazine is almost an impossibility, in my opinion.

The CHAIRMAN. The Chair recognizes the gentleman from Texas [Mr. POAGE].

Mr. POAGE. Mr. Chairman, I think we have overlooked a fundamental thing here. We talk about trying to raise some money. This bill is going to raise very, very little money. All it is going to do is to bail out the Post Office Department. Most of the money involved here comes from business mail. Every letter and every postcard of business mail is chargeable as a business expense and comes off the income tax. You are not going to raise \$500 million here. You will be lucky if you raise \$50 million from grandma's post card or from some lover's letter or from some mother's letter to her son. That is the only thing. You can laugh, but there is no way that you can add money to the public Treasury by adding to business expenses. All you do is that next year, you will be back here and you will be required to raise taxes, income taxes, if you please, by half a billion dollars. You are fooling yourselves and you are possibly now fooling the public, but you will not fool the public long. This bill does not raise money for the support of the Government except to a very small degree. It does bail out the Post Office Department at the expense of the general revenue and you are fooling yourselves when you think you are not.

Mr. SANTANGELO. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. SANTANGELO, of New York: On page 3, strike out line 9 and all that follows down through line 15, including the table following line 15, and insert in lieu thereof the following:

"SECOND-CLASS MAIL

"SEC. 104. (a) Section 2 (a) of the act of October 30, 1951 (65 Stat. 672; 39 U. S. C. 289a), is amended by inserting immediately before the colon which precedes the first proviso a comma and the following: "and such total postage shall be further increased—

"(A) by 10 percent on 150,000 copies or less of magazines, periodicals, and newspapers mailed in a calendar year,

"(B) by 15 percent on more than 150,000 but not more than 300,000 copies mailed in a calendar year, and

"(C) by 20 percent on all copies in excess of 300,000 mailed in a calendar year,

in four successive increments, effective on January 1, 1958, January 1, 1959, January 1, 1960, and January 1, 1961, respectively."

The CHAIRMAN. The question is on the amendment offered by the gentleman from New York [Mr. SANTANGELO].

The amendment was rejected.

The CHAIRMAN. If there are no further amendments, under the rule, the Committee rises.

Accordingly the Committee rose, and the Speaker having resumed the chair, Mr. HERLONG, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the bill (H. R. 5836) to readjust postal rates and to establish a congressional policy for the determination of postal rates, and for other purposes, pursuant to House Resolution 394, he reported the bill back to the House with sundry amendments

adopted in the Committee of the Whole.

The SPEAKER. Under the rule the previous question is ordered.

Is a separate vote demanded on any amendment?

If not, the Chair will put them en grosse.

The amendments were agreed to.

The bill was ordered to be engrossed and read a third time, and was read the third time.

The SPEAKER. The question is on the passage of the bill.

Mr. SMITH of Wisconsin. Mr. Speaker, I offer a motion to recommit.

The SPEAKER. Is the gentleman opposed to the bill?

Mr. SMITH of Wisconsin. I am.

The SPEAKER. The gentleman qualifies.

The Clerk will report the motion.

The Clerk read as follows:

Mr. SMITH of Wisconsin moves to recommit the bill to the Committee on Post Office and Civil Service.

Mr. MURRAY. Mr. Speaker, I move the previous question on the motion to recommit.

The previous question was ordered.

The SPEAKER. The question is on the motion to recommit.

The question was taken and the Speaker announced that the yeas appeared to have it.

Mr. LESINSKI. Mr. Speaker, on that I ask for the yeas and nays.

The yeas and nays were refused.

So the motion to recommit was rejected.

The SPEAKER. The question is on the passage of the bill.

Mr. LESINSKI. Mr. Speaker, on that I ask for the yeas and nays.

The yeas and nays were ordered.

The question was taken and there were—yeas 256, nays 129, not voting 47, as follows:

[Roll No. 192]

YEAS—256

Abbott	Budge	Fascell
Abernethy	Byrne, Ill.	Fenton
Adair	Byrnes, Wis.	Fisher
Albert	Canfield	Ford
Alexander	Carrigg	Forrester
Allen, Calif.	Cederberg	Fountain
Allen, Ill.	Chamberlain	Frazier
Andersen,	Chelf	Frelinghuysen
H. Carl	Chenoweth	Friedel
Andrews	Chlperfield	Fulton
Arends	Church	Gary
Ashley	Clark	Gathings
Ashmore	Cleaver	Gavin
Auchincloss	Cole	Griffey
Avery	Colmer	Griffin
Ayres	Cooper	Gross
Balley	Corbett	Gubser
Baldwin	Coudert	Gwinn
Bass, N. H.	Cramer	Hagen
Bass, Tenn.	Cretella	Hale
Bates	Cunningham,	Halleck
Baumhart	Iowa	Harden
Becker	Cunningham,	Hardy
Belcher	Nebr.	Harris
Bennett, Fla.	Curtin	Harrison, Nebr.
Bennett, Mich.	Curtis, Mass.	Harrison, Va.
Bentley	Dague	Harvey
Berry	Davis, Tenn.	Haskell
Betts	Dawson, Utah	Hays, Ark.
Boggs	Dellay	Hébert
Boland	Dennison	Henderson
Bolton	Derounian	Herlong
Bonner	Devereux	Heslton
Bosch	Dies	Hill
Bow	Dixon	Hoeven
Boykin	Dooley	Hoffman
Bray	Dorn, N. Y.	Holland
Brooks, La.	Durham	Holmes
Broomfield	Dwyer	Holt
Brown, Ohio	Edmondson	Horan
Broyhill	Fallon	Hosmer

Hyde	Minshall
Ikard	Moore
Jackson	Morano
James	Morris
Jarman	Mumma
Jenkins	Murray
Jennings	Neal
Jensen	Nicholson
Johansen	Nimtz
Jonas	Norrell
Jones, Ala.	O'Hara, Minn.
Jones, Mo.	O'Konski
Judd	Osmer
Kean	Ostertag
Kearns	Passman
Keating	Patman
Keeney	Patterson
Kilday	Pelly
Kilgore	Pilcher
Kitchin	Pillion
Knox	Poff
Laird	Prouty
Landrum	Radwan
Lankford	Ray
Latham	Reece, Tenn.
LeCompte	Reed
Lennon	Rees, Kans.
Lipscomb	Rhodes, Ariz.
McCulloch	Rhodes, Pa.
McDonough	Rlehlman
McIntire	Riley
McIntosh	Rivers
McVey	Robeson, Va.
Mack, Ill.	Rogers, Fla.
Mack, Wash.	Rogers, Mass.
Mahon	Sadlak
Martin	St. George
Matthews	Saylor
May	Schenck
Meador	Schwengel
Morrow	Scott, N. C.
Michel	Scott, Pa.
Miller, Md.	Scrivner
Miller, Nebr.	Scudder
Miller, N. Y.	Seely-Brown
Mills	Sheehan

NAYS—129

Addonizio	Fogarty	O'Brien, N. Y.
Anderson,	Forand	O'Hara, Ill.
Mont.	Garmatz	O'Neill
Aspinall	Granahan	Perkins
Baring	Grant	Pfost
Barrett	Gray	Phillbin
Beckworth	Green, Oreg.	Poage
Blitch	Green, Pa.	Polk
Bolling	Griffiths	Porter
Boyle	Haley	Price
Breeding	Healey	Rabaut
Brooks, Tex.	Hemphill	Rains
Brown, Ga.	Hollfield	Reuss
Brown, Mo.	Huddleston	Roberts
Burdick	Hull	Rodino
Burleson	Johnson	Rogers, Colo.
Bush	Karsten	Rogers, Tex.
Byrd	Kee	Rooney
Byrne, Pa.	Kelley, Pa.	Roosevelt
Cannon	Kelly, N. Y.	Rutherford
Carnahan	Keogh	Santangelo
Celler	Kling	Saund
Christopher	Kirwan	Selden
Chudoff	Kluczynski	Sheppard
Coad	Knutson	Shuford
Coffin	Lane	Sleminski
Cooley	Lanham	Sisk
Davis, Ga.	Lesinski	Smith, Wis.
Delaney	McCarthy	Staggers
Denton	McFall	Sullivan
Diggs	McGovern	Teller
Dlmgell	McMillan	Thompson, N. J.
Dollinger	Machrowicz	Thompson, Tex.
Donohue	Madden	Ullman
Dorn, S. C.	Magnuson	Vanik
Dowdy	Marshall	Watts
Doyle	Metcalfe	Whitener
Elliott	Miller, Calif.	Wier
Engle	Montoya	Wright
Farbstein	Moss	Yates
Feighan	Moulder	Zablocki
Fino	Multer	Zelenko
Flood	Natcher	
Flynt	O'Brien, Ill.	

NOT VOTING—47

Alger	Dawson, Ill.	Kilburn
Andersen,	Dempsey	Krueger
August H.	Eberharter	Long
Anfuso	Evins	Loser
Baker	George	McConnell
Barden	Gordon	McCormack
Beamer	Hays, Ohio	McGregor
Blatnik	Hess	Macdonald
Brownson	Hiestand	Maillard
Buckley	Hillings	Mason
Collier	Holtzman	Morgan
Curtis, Mo.	Kearney	Morrison

Norblad	Scherer	Taylor
Powell	Shelley	Vinson
Preston	Siler	Williams, N. Y.
Robson, Ky.	Smith, Va.	Wilson, Ind.

So the bill was passed.

The Clerk announced the following pairs:

On this vote:

Mr. McCormack for, with Mr. Buckley against.

Mr. Smith of Virginia for, with Mr. Holtzman against.

Mr. Blatnik for, with Mr. Morrison against.

Mr. Morgan for, with Mr. Hays of Ohio against.

Mr. Norblad for, with Mr. Powell against.

Mr. Taylor for, with Mr. Dawson of Illinois against.

Mr. Hess for, with Mr. Gordon against.

Mr. McGregor for, with Mr. Dempsey against.

Mr. Hiestand for, with Mr. Kearney against.

Mr. Collier for, with Mr. Macdonald against.

Mr. Scherer for, with Mr. Anfuso against.

Until further notice:

Mr. Shelley with Mr. August H. Andresen.

Mr. Vinson with Mr. Siler.

Mr. Long with Mr. Baker.

Mr. Loser with Mr. Beamer.

Mr. Preston with Mr. Robson of Kentucky.

Mr. Evins with Mr. Brownson.

Mr. Barden with Mr. Wilson of Indiana.

Mr. BUSH changed his vote from "yea" to "nay."

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

GENERAL LEAVE TO EXTEND REMARKS

Mr. REES of Kansas. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to extend their remarks in the RECORD on the bill just passed.

The SPEAKER. Is there objection to the request of the gentleman from Kansas?

There was no objection.

INTERNATIONAL ATOMIC ENERGY AGENCY

Mr. PRICE. Mr. Speaker, I ask unanimous consent to take from the Speaker's desk the bill (H. R. 8992) to provide for the appointment of representatives of the United States in the organs of the International Atomic Energy Agency, and to make other provisions with respect to the participation of the United States in that Agency, and for other purposes, with a Senate amendment thereto, disagree to the Senate amendment, and ask for a conference with the Senate.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the request of the gentleman from Illinois? [After a pause.] The Chair hears none, and appoints the following conferees: MESSRS. DURHAM, PRICE, KILDAY, COLE, and VAN ZANDT.

DROUGHT RELIEF IN EASTERN MASSACHUSETTS

(Mrs. ROGERS of Massachusetts asked and was given permission to address the House for 1 minute and to re-

85TH CONGRESS
1ST SESSION

H. R. 5836

IN THE SENATE OF THE UNITED STATES

AUGUST 14, 1957

Read twice and referred to the Committee on Post Office and Civil Service

AN ACT

To readjust postal rates and to establish a congressional policy for the determination of postal rates, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 GENERAL STATEMENT

4 In the light of the findings in title II of this Act and
5 information received by the Congress with respect to postal
6 activities, revenues, and expenses, the Congress recognizes
7 that—

8 (1) adjustments in presently existing postal rates
9 and fees are necessary and desirable in order that, to
10 the extent consistent with the public interest and the
11 policies in title II of this Act, postal revenues will

1 more nearly equal postal expenses and postal service
2 will be improved; and

3 (2) it is necessary and desirable in the public
4 interest that the Congress establish a definite, affirmative,
5 and integrated policy with respect to postal activities,
6 revenues, and expenses which will serve as a guide in
7 the determination and adjustment by the Congress,
8 from time to time, of the postal-rate structure.

9 TITLE I—POSTAL RATE INCREASES

10 SHORT TITLE

11 SEC. 101. This title may be cited as the “Postal Rate
12 Increase Act, 1957.”

13 FIRST-CLASS MAIL

14 SEC. 102. (a) That part of the first section of the Joint
15 Resolution of June 30, 1947 (61 Stat. 213; 39 U. S. C.
16 280), which precedes the proviso, is amended by striking
17 out “3 cents” and inserting in lieu thereof “4 cents”.

18 (b) Section 1 of the Act of October 30, 1951 (65 Stat.
19 672; 39 U. S. C. 280), as amended, is further amended—

20 (1) by striking out “2 cents” wherever appearing
21 in subsection (a) and inserting in lieu thereof “3 cents”;
22 and

23 (2) by striking out “2 cents” in subsection (b)
24 and inserting in lieu thereof “3 cents”.

DOMESTIC AIRMAIL

SEC. 103. Section 201 of the Postal Rate Revision and Federal Employees Salary Act of 1948 (62 Stat. 1261; 39 U. S. C. 463a) is amended—

(1) by striking out “6 cents” in the first sentence and inserting in lieu thereof “7 cents”; and

(2) by striking out “4 cents” in the second sentence and inserting in lieu thereof “5 cents”.

SECOND-CLASS MAIL

SEC. 104. (a) Section 2 (a) of the Act of October 30, 1951 (65 Stat. 672; 39 U. S. C. 289a), is amended by inserting immediately before the colon which precedes the first proviso the following: “, and (4) such postage is further adjusted to the amounts set forth in the following table, on the dates specified:

	Effective October 1, 1957 (cents per pound, or fraction thereof)	Effective July 1, 1958 (cents per pound, or fraction thereof)	Effective July 1, 1959 (cents per pound, or fraction thereof)	Effective July 1, 1960 (cents per pound, or fraction thereof)
A publication having not more than 5 per centum of its space devoted to advertisements, and that portion of other publications devoted to matter other than advertisements.....	2. 2	2. 5	2. 8	3. 1
Advertising portion of a publication having more than 5 per centum of its space devoted to advertisements:				
First and second zones.....	2. 2	2. 5	2. 8	3. 1
Third zone.....	3. 0	3. 4	3. 8	4. 2
Fourth zone.....	4. 5	5. 1	5. 7	6. 2
Fifth zone.....	6. 0	6. 8	7. 5	8. 3
Sixth zone.....	7. 5	8. 4	9. 4	10. 4
Seventh zone.....	9. 0	10. 1	11. 3	12. 5
Eighth zone.....	10. 5	11. 8	13. 2	14. 6

1 The adjustment in postage contained in the amendment made
2 by this subsection shall not apply to any issue of a newspaper
3 with respect to which issue the entire press run consists of
4 five thousand copies or less and the rate or rates of postage,
5 as in effect immediately prior to the date of enactment of
6 this Act, for the mailing of any issue of any newspaper to
7 which this sentence applies shall remain in effect until other-
8 wise provided by Congress.

9 (b) Section 2 (c) of such Act of October 30, 1951,
10 is amended by striking out "one-eighth of 1 cent" and in-
11 serting in lieu thereof "one-fourth of 1 cent, except that
12 (1) the postage on each individually addressed copy mailed
13 by the organizations listed, and for the purposes prescribed
14 in the second and third provisos of subsection (a) of this
15 section, and each individually addressed copy of a publication
16 of the second class addressed for delivery within the county
17 and not entitled to the free-in-county mailing privilege, shall
18 not be less than one-eighth of 1 cent, and (2) the per copy
19 rates prescribed for publications covered by section 25 of
20 the Act of March 3, 1879, as amended (39 U. S. C. 286),
21 are continued".

22 (c) Section 2 (d) of such Act of October 30, 1951, is
23 amended by striking out "1 cent" and inserting in lieu thereof
24 " $1\frac{1}{2}$ cents".

25 (d) Section 2 of such Act of October 30, 1951, is

1 amended by adding at the end of such section the following
2 new subsection:

3 “(e) If, at any time during any Post Office Depart-
4 ment fiscal year, beginning with the fiscal year ending June
5 30, 1958, the costs incurred by the Post Office Department
6 (as ascertained under the cost ascertainment system of such
7 Department) in connection with the mailings of any user
8 at rates provided in subsections (a) and (d) of this section
9 exceed by \$100,000 the revenues received by such Depart-
10 ment (as ascertained under such cost ascertainment system)
11 in connection with such mailings of such user, the Postmaster
12 General shall fix and determine, for the remainder of such
13 fiscal year, the rates for such mailings of such user on a
14 basis which will effect, as nearly as may be practicable, the
15 equalization, during the remainder of such year, of the
16 revenues received, and the costs incurred, by the Post Office
17 Department in connection with such mailings of such user.
18 From and after the beginning of the Post Office Department
19 fiscal year immediately following the fiscal year in which
20 rates for such mailings of such user are made effective by
21 action of the Postmaster General under this subsection, the
22 rates of such mailings of such user shall be as provided in
23 subsections (a) and (d) of this section, subject to the
24 application of this subsection. This subsection shall not
25 apply to any organization, association, newspaper, periodical,

1 or publication within the purview of the second or third
 2 proviso of subsection (a) of this section and publications
 3 mailed by others than publishers or authorized news agents.”

4 CONTROLLED CIRCULATION PUBLICATIONS

5 SEC. 105. Section 203 of the Postal Rate Revision and
 6 Federal Employees Salary Act of 1948 (62 Stat. 1262;
 7 39 U. S. C. 291b), is amended—

8 (1) by striking out “10 cents a pound or fraction
 9 thereof” and inserting in lieu thereof “12 cents a pound
 10 or fraction thereof regardless of the weight of the indi-
 11 vidual copies”; and

12 (2) by adding at the end thereof a new sentence
 13 reading “The rates provided in this section shall remain
 14 in effect until otherwise provided by Congress.”.

15 THIRD-CLASS MAIL

16 SEC. 106. Section 3 of the Act of October 30, 1951
 17 (65 Stat. 673; 39 U. S. C. 290a-1), is amended—

18 (1) in that part of such section which precedes the
 19 first proviso—

20 (A) by striking out “2 cents” wherever ap-
 21 pearing therein and inserting in lieu thereof “3
 22 cents”;

23 (B) by striking out “1 cent” and inserting in
 24 lieu thereof “1½ cents”; and

(C) by striking out "1½ cents for each additional two ounces or fraction thereof" and inserting in lieu thereof "1 cent for each additional ounce or fraction thereof";

(2) in the first proviso contained in such section, by striking out "\$10" and inserting in lieu thereof "\$20";

(3) in the second proviso contained in such section—

(A) by striking out "14 cents" and inserting in lieu thereof "16 cents";

(B) by striking out "1 cent" wherever appearing therein and inserting in lieu thereof "2½ cents"; and

(C) by striking out "10 cents" and inserting in lieu thereof "12 cents";

(4) by striking out the third proviso contained in such section; and

(5) in the fourth proviso contained in such section, by striking out "3 cents" and inserting in lieu thereof "5 cents".

FOURTH-CLASS MAIL

SEC. 107. Sections 204 (d) and (e) of the Postal Rate Revision and Federal Employees Salary Act of 1948 (62

1 Stat. 1262), as amended (39 U. S. C. 292a (d) and (e)),
2 are amended to read as follows:

3 “(d) The following materials when in parcels not ex-
4 ceeding seventy pounds in weight may be sent at the postage
5 rate of 10 cents for the first pound or fraction thereof and 5
6 cents for each additional pound or fraction thereof, and this
7 rate shall continue until otherwise provided by the Congress:
8 (1) books permanently bound for preservation consisting
9 wholly of reading matter or scholarly bibliography or reading
10 matter with incidental blank spaces for students’ notations
11 and containing no advertising matter other than incidental
12 announcements of books; (2) sixteen-millimeter films and
13 sixteen-millimeter film catalogs except when sent to com-
14 mercial theaters; (3) printed music whether in bound form
15 or in sheet form; (4) printed objective test materials and
16 accessories thereto used by or in behalf of educational institu-
17 tions in the testing of ability, aptitude, achievement, interests,
18 and other mental and personal qualities with or without
19 answers, test scores, or identifying information recorded
20 thereon in writing or by mark; and (5) manuscripts for
21 books, periodical articles, and music.

22 “(e) (1) The following materials when in parcels not
23 exceeding seventy pounds in weight when loaned or ex-
24 changed between (A) schools, colleges, or universities and
25 (B) public libraries, religious, educational, scientific, philan-

1 thropic, agricultural, labor, veterans, or fraternal organiza-
2 tions or associations not organized for profit and none of the
3 net income of which inures to the benefit of any private stock-
4 holder or individual, or between such organizations and their
5 members or readers or borrowers, shall be charged with post-
6 age at the rate of 4 cents for the first pound or fraction
7 thereof and 1 cent for each additional pound or fraction
8 thereof, except that the rates now or hereafter prescribed for
9 third- or fourth-class matter shall apply in every case where
10 such rate is lower than the rate prescribed in this subsection,
11 and this rate shall continue until otherwise provided by the
12 Congress: (i) books consisting wholly of reading matter or
13 scholarly bibliography or reading matter with incidental
14 blank spaces for students' notations and containing no adver-
15 tising matter other than incidental announcements of books;
16 (ii) printed music, whether in bound form or in sheet form;
17 (iii) bound volumes of academic theses in typewritten or
18 other duplicated form and bound volumes of periodicals; and
19 (iv) other library materials in printed, duplicated, or photo-
20 graphic form or in the form of unpublished manuscripts.

21 “(2) The rate provided in paragraph (1) for books
22 may apply to sixteen-millimeter films, filmstrips, transparen-
23 cies for projection and slides, microfilms, sound recordings,
24 and catalogs of such materials when sent in parcels not ex-

ceeding seventy pounds in weight to or from (A) schools, colleges, or universities and (B) public libraries, religious, educational, scientific, philanthropic, agricultural, labor, veterans, or fraternal organizations or associations, not organized for profit and none of the net income of which inures to the benefit of any private stockholder or individual.

“(3) Public libraries, organizations, or associations, before being entitled to the rates specified in paragraphs (1) and (2) of this subsection, shall furnish to the Postmaster General, under such regulations as he may prescribe, satisfactory evidence that none of their net income inures to the benefit of any private stockholder or individual.”

DETERMINATION OF CLASS OF POST OFFICE AND COMPENSATION OF POSTMASTER AND CERTAIN EMPLOYEES

SEC. 108. Eighty-two per centum of the gross postal receipts of all classes of post offices accruing on or after the effective date of the rate of postage prescribed by section 102 (a) of this Act shall be counted for the purpose of determining the classes of the respective post offices and the compensation and allowances of postmasters and other employees whose compensation or allowances are based on the annual gross receipts of such post offices. Nothing contained in this section shall operate to relegate a post office to a class or receipts category below the class or receipts category to which such post office may be assigned on the basis of gross

1 postal receipts accruing during the last complete calendar
2 year prior to the effective date of the rate of postage pre-
3 scribed by section 102 (a) of this Act or, in the case of a
4 newly established post office, on the basis of gross postal re-
5 cepts accruing during the last full quarter prior to the
6 effective date of the rate of postage prescribed by such section
7 102 (a) .

8 REPEALS

9 SEC. 109. The last sentence of section 4 (a) of the Civil
10 Service Retirement Act as contained in the Civil Service Re-
11 tirement Act Amendments of 1956 (70 Stat. 747) is
12 hereby repealed, and hereafter the amounts contributed by
13 the Post Office Department to the civil service retirement
14 and disability fund in compliance with such section 4 (a) of
15 the Civil Service Retirement Act shall be considered as costs
16 of providing postal service for the purpose of establishing
17 postal rates.

18 CONDITIONS PRECEDENT TO WITHDRAWAL FROM GENERAL 19 FUND OF TREASURY

20 SEC. 110. That part of the paragraph under the heading
21 "General Provisions" under the appropriations for the Post
22 Office Department contained in chapter IV of the Supple-
23 mental Appropriation Act, 1951 (64 Stat. 1050; 31 U. S.
24 C. 695), which precedes the proviso is amended by striking
25 out "the receipt of revenue from fourth-class mail service

1 sufficient to pay the cost of such service” and inserting in
 2 lieu thereof “(1) that the revenues from fourth-class mail
 3 service will not exceed by more than 1 per centum the
 4 costs thereof and (2) that the costs of such fourth-class
 5 mail service will not exceed by more than 1 per centum
 6 the revenues therefrom”.

7 EFFECTIVE DATES

8 SEC. 111. (a) The rates of postage prescribed by this
 9 title, except those prescribed in section 104 (a), shall be-
 10 come effective on October 1, 1957.

11 (b) The rates of postage prescribed by section 104 (a)
 12 of this title shall become effective as provided in such section
 13 104 (a).

14 (c) The fee prescribed by section 106 (2) of this title
 15 shall become effective on January 1, 1958.

16 (d) Section 109 of this title shall become effective as of
 17 the effective date of the Civil Service Retirement Act
 18 Amendments of 1956.

19 TITLE II—POSTAL RATE POLICY

20 SHORT TITLE

21 SEC. 201. This title may be cited as the “Postal Rate
 22 Policy Act”.

23 FINDINGS

24 SEC. 202. The Congress hereby finds that—

25 (1) the postal establishment was created to unite

1 more closely the American people, to promote the gen-
2 eral welfare, and to advance the national economy;

3 (2) the postal establishment has been extended
4 and enlarged through the years into a nationwide net-
5 work of services and facilities for the communication
6 of intelligence, the dissemination of information, the
7 advancement of education and culture, and the distribu-
8 tion of articles of commerce and industry;

9 (3) the development and expansion of these
10 several elements of postal service, under authorization
11 by the Congress, have been the impelling force in the
12 origin and growth of many and varied business, com-
13 mercial, and industrial enterprises which contribute
14 materially to the national economy and the public wel-
15 fare and which depend upon the continuance of these
16 elements of postal service;

17 (4) historically and as a matter of public policy
18 there have evolved, in the operations of the postal
19 establishment authorized by the Congress, certain
20 recognized and accepted relationships among the several
21 classes of mail. It is clear also, from the continued
22 expansion of the postal service and the authorization of
23 certain services rendered or facilities provided at a
24 calculated loss to the Government, that the postal estab-
25 lishment performs some functions in which the public

1 interest outweighs the profit and loss factors which
2 would prevail if the postal establishment were operated
3 solely as a business enterprise;

4 (5) the postal establishment should be operated
5 in a businesslike manner but clearly is not a commercial
6 enterprise conducted for profit and it would be an unfair
7 burden upon users of the mails to compel them to under-
8 write those expenses incurred by the postal establish-
9 ment which are not related to the postal services they
10 receive;

11 (6) Notwithstanding the need for all users of the
12 mails to be informed with reasonable certainty of the
13 postal rates and fees which will be imposed upon them,
14 the Congress heretofore has not laid down a firm policy
15 (except for fourth-class mail and certain special services
16 authorized by law) with respect to the identification
17 and evaluation of those services rendered by the postal
18 establishment in whole or in part for the benefit of
19 the general public and those services which inure in
20 whole or in part to the benefit of certain users of the
21 mails; and

22 (7) the public interest and the increasing com-
23 plexity of the social and economic fabric of the Nation
24 require an immediate, clear, and affirmative declaration
25 of congressional policy for the creation and maintenance

1 of a sound and equitable postal-rate structure which will
2 assure efficient service, produce adequate postal revenues,
3 and stand the test of time.

4 DECLARATION OF POLICY

5 SEC. 203. (a) The Congress hereby emphasizes, re-
6 affirms, and restates its function under the Constitution of
7 the United States of forming postal policy.

8 (b) It is hereby declared to be the policy of the Con-
9 gress, as set forth in this title—

10 (1) to provide a more stable basis for the postal-
11 rate structure through the establishment of general
12 principles, standards, and related requirements with
13 respect to the determination and allocation of postal
14 revenues and expenses; and

15 (2) in accordance with these general principles,
16 standards, and related requirements, to provide a means
17 by which the postal-rate structure may be fixed and
18 adjusted by action of the Congress, from time to time,
19 as the public interest may require, in the light of
20 periodic reviews of the postal-rate structure, periodic
21 studies and surveys of expenses and revenues, and peri-
22 odic reports and recommendations, required to be made
23 by the Postmaster General as provided by section 206
24 of this title, on the basis of the cost ascertainment
25 system.

1 (c) The general principles, standards, and related re-
2 quirements referred to in subsection (b) of this section are
3 as follows:

4 (1) In the determination and adjustment of the
5 postal-rate structure, due consideration should be given
6 to—

7 (A) the preservation of the inherent advan-
8 tages of the postal service in the promotion of social,
9 cultural, intellectual, and commercial intercourse
10 among the people of the United States,

11 (B) the development and maintenance of a
12 postal service adapted to the present needs, and
13 adaptable to the future needs, of the people of the
14 United States,

15 (C) the promotion of adequate, economical,
16 and efficient postal service at reasonable and equi-
17 table rates and fees,

18 (D) the effect of postal services and the im-
19 pact of postal rates and fees on users of the mails,

20 (E) the requirements of the postal establish-
21 ment with respect to the manner and form of prepa-
22 ration and presentation of mailings by the users of
23 the various classes of mail service,

24 (F) the value of mail,

25 (G) the value of time of delivery of mail, and

1 (H) the quality and character of the service
2 rendered in terms of priority, secrecy, security,
3 speed of transmission, use of facilities and man-
4 power, and other pertinent service factors.

5 (2) The acceptance, transportation, and delivery of
6 first-class mail constitutes a preferred service of the
7 postal establishment and, therefore, the postage for first-
8 class mail should be sufficient to cover (A) the entire
9 amount of the expenses allocated to first-class mail in
10 the manner provided by this title and (B) an additional
11 amount representing the fair value of all extraordinary
12 and preferential services, facilities, and factors relating
13 thereto.

14 (3) Those services, elements of service, and facili-
15 ties rendered and provided by the postal establishment
16 in accordance with law, including services having public
17 service aspects, which, in whole or in part, are held
18 and considered by the Congress from time to time to be
19 public services for the purposes of this title shall be
20 administered on the following basis:

21 (A) the sum of such public service items
22 should be assumed directly by the Federal Govern-
23 ment and paid directly out of the general fund of
24 the Treasury and should not constitute direct charges
25 in the form of rates and fees upon any user or

1 class of users of such public services, or of the mails
2 generally, and

3 (B) nothing contained in any provision of this
4 title should be construed as indicating any intention
5 on the part of the Congress (i) that such public
6 services, or any of them, should be limited or re-
7 stricted or (ii) to derogate in any way from the
8 need and desirability thereof in the public interest.

9 (4) For the purpose of the determination and ad-
10 justment of the postal-rate structure in the manner pro-
11 vided by this title and by section 207 of the Act of
12 February 28, 1925, as amended (39 U. S. C., sec.
13 247), and section 12 of the Act of October 30, 1951
14 (39 U. S. C., sec. 246f), the postal rates shall be ad-
15 justed from time to time so that the total amount of the
16 adjusted revenues shall be more nearly equal to the
17 total amount of the expenses, both as determined in
18 the manner provided by this title.

19 AUTHORIZATION OF APPROPRIATED FUNDS

20 SEC. 204. There is hereby authorized to be appropriated
21 to the revenues of the Post Office Department for each fiscal
22 year from any money in the Treasury not otherwise appro-
23 priated an amount equal to the sum of the public service
24 items referred to in section 203 (c) (3). Such appropria-
25 tions shall be available to enable the Postmaster General to

1 pay in to postal revenues at quarterly or other intervals such
2 amounts as he shall determine to be necessary to reimburse
3 the Post Office Department for such expenses and losses of
4 revenue.

5 APPLICATION OF COST ASCERTAINMENT SYSTEM

6 SEC. 205. (a) For the purposes of this title, revenues
7 and expenses shall be determined and ascertained, and each
8 allocation and apportionment with respect thereto shall be
9 made, upon the basis of the cost ascertainment system, to the
10 extent not otherwise indicated in this title.

11 (b) Nothing in this title shall be construed to affect
12 the cost ascertainment system or any authority, power, duty,
13 or procedure of the Postmaster General or of the postal
14 establishment generally, except to the extent necessary to
15 carry out this title.

16 REVIEWS, STUDIES, SURVEYS, REPORTS, AND RECOM-
17 MENDATIONS OF POSTMASTER GENERAL

18 SEC. 206. (a) The Postmaster General is authorized
19 and directed to initiate and conduct, through the facilities
20 of the postal establishment, either on a continuing basis or
21 from time to time, as he deems advisable, but not less often
22 than every two years, a review of the postal-rate structure
23 and a study and survey of the expenses incurred and the
24 revenues received in connection with the several classes of
25 mail, and the various classes and kinds of services and facili-

1 ties provided by the postal establishment, in order to de-
2 termine, on the basis of such review, study, and survey for
3 each class and kind of service or facility provided by the
4 postal establishment, the need for adjustment of postal rates
5 and fees in the manner provided by this title.

6 (b) The Postmaster General shall submit to the Senate
7 and the House of Representatives not later than April 15
8 of each alternate fiscal year, beginning with the fiscal year
9 ending June 30, 1959, a report of the results of the review,
10 study, and survey conducted pursuant to subsection (a) of
11 this section. Such report shall include—

12 (1) information with respect to expenses and reve-
13 nues which is pertinent to the allocaton of expenses and
14 the determination and adjustment of postal rates and
15 fees in the manner provided by this title,

16 (2) such other information as is necessary to en-
17 able the Congress, or as may be required by the Con-
18 gress or an appropriate committee thereof, to carry out
19 the purposes of this title, and

20 (3) such recommendations as the Postmaster Gen-
21 eral deems appropriate.

22 CONGRESSIONAL ACTION PREREQUISITE TO ADJUSTMENTS
23 IN POSTAGE RATES AND FEES

24 SEC. 207. Except as otherwise provided by law, nothing
25 in this title shall be construed to authorize any change, ad-

1 justment, or revision with respect to any postal rate or fee,
2 except by further action of the Congress.

3 DEFINITIONS

4 SEC. 208. (a) For the purposes of this title, the term—

5 (1) “cost ascertainment system” means the cost
6 ascertainment system (including the principles and
7 standards thereof) utilized by the Post Office Depart-
8 ment (39 U. S. C., sec. 826) for the ascertainment
9 and allocation of expenses and revenues of the postal
10 service, as in effect from time to time, to the extent con-
11 sistent with this title;

12 (2) “revenues” and “costs”, whether applied to the
13 total postal operation or to the mail classes or services,
14 shall have the same meaning as when used in the Cost
15 Ascertainment Report, and the terms “costs” and “ex-
16 penses” shall be synonymous; and

17 (3) “adjusted revenues”, whether applied to the
18 total postal operations or to the mail classes and services,
19 shall mean the revenues, increased by the sums author-
20 ized under section 204 to be appropriated to the Post
21 Office Department for the public service items referred
22 to in section 203 (c) (3).

23 (b) Whenever reference is made in this title, or in any
24 other law or regulation in connection with this title, to any
25 of the several classes of mail and services, such reference

- 1 shall have the same meaning as when used in the Cost Ascer-
- 2 tainment Report, except that first-class mail shall include
- 3 domestic air mail other than air parcel post.

Passed the House of Representatives August 13, 1957.

Attest:

RALPH R. ROBERTS,

Clerk.

85TH CONGRESS
1ST SESSION

H. R. 5836

AN ACT

To readjust postal rates and to establish a congressional policy for the determination of postal rates, and for other purposes.

AUGUST 14, 1957

Read twice and referred to the Committee on Post
Office and Civil Service

Digest of CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF BUDGET AND FINANCE
(For Department Staff Only)

Issued February 21, 1958
For actions of February 20, 1958
85th-2d, No. 26

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HIGHLIGHTS: House committee reported second supplemental appropriation bill. Sen. Cooper urged continuance of 90-percent price supports for tobacco. Senate concurred in House amendment to bill to relieve certain persons of Khapra beetle expense. Rep. Dixon inserted Asst. Secretary McLain's testimony on wool.

SENATE

1. TOBACCO. Sen. Cooper urged the Senate Agriculture Committee's Tobacco Subcommittee to follow the lead of the House in rejecting attempts to alter the present 90-percent supports for tobacco, and inserted news articles on the Farm Bureau's support of the present program and the results of the grower referendum in Ky., Tenn., and Va. pp. 2128-9
2. INSECT CONTROL. Concurred in the House amendment to S. 1805, to relieve certain persons of the expenses incurred in kaphra beetle eradication. This bill will now be sent to the President. p. 2132
3. PUBLIC DEBT. The Finance Committee reported without amendment H. R. 9955, to authorize a temporary \$5 billion increase in the public debt limit (S. Rept. 1297). This bill was made the Senate's pending business. pp. 2124, 2148
4. POSTAL SERVICE. The Post Office and Civil Service Committee ordered reported with amendments H. R. 5836, to readjust postal rates and establish a Congressional policy for the determination of such rates. The "Daily Digest" stated the bill would raise \$750 million in revenue, increasing first class local mail to 4¢, non-local to 5¢, post cards to 3¢, providing three 10% raises for second-class mail over the next three years, and increasing the minimum per piece on third-class mail to 2¢ now, 2½¢ on July 1, 1959. pp. D122-3

5. FOREIGN AID. Sen. Smith, N. J., commended the foreign aid program and inserted an editorial concurring with the President's mutual security message. p. 2132
Sen. Wiley announced the National Conference on Foreign Aspects of United States National Security would meet in Washington on Feb. 25 and inserted news releases on the meeting. pp. 2147-8
6. FOREST ROADS. On Feb. 17 Sens. Barrett, O'Mahoney, Watkins, Allott, Bible, Bennett, Dworshak, and Magnuson submitted an amendment to be proposed by them to S. 3088, to amend the Federal-Aid Road Act to authorize appropriations for continuing the construction of highways. The amendment would increase the authorizations for forest highways from \$30 million to \$40 million for fiscal year 1960.
7. POSTAL SERVICE; FORESTRY; PUBLIC WORKS. Sens. Morse, Neuberger, Johnston, Jackson, and Gore discussed the postal rates proposed and the public works program (pp. 2136-42). Sen. Neuberger compared the postal deficit with Forest Service profitable operations (p. 2139). Sen. Morse criticized the lease-purchase programs for public buildings (pp. 2140-1).
8. EDUCATION. Sen. Humphrey inserted an article by Dr. Charles Quattlebaum of the Library of Congress comparing education in Russia and the U. S. and urging a broadly based program to improve U. S. education. pp. 2148-52
9. DAIRY PRICE SUPPORTS. Sen. Humphrey inserted resolutions from the Beltrami, Minn., County Commissioners and the Onamia, Minn., Farmers' Union local, opposing any cuts in dairy price supports and urging legislation to maintain them at present levels. pp. 2122, 2133
10. CORN. Sen. Humphrey inserted a resolution of the Ortonville, Minn., Civic and Commerce Ass'n urging a relaxation of standards on grading 1957 corn to meet Government loan requirements. p. 2122
11. WOOL. Sen. Humphrey inserted a resolution of the Minn. Wool Growers Ass'n urging extension of the National Wool Act without any crippling amendments. p. 2122
12. TRADE AGREEMENTS. Sen. Humphrey inserted a Minneapolis, Minn., Chamber of Commerce resolution urging extension of the Trade Agreements Act for 5 years. pp. 2122-3
13. SCHOOL LUNCH. Sen. Humphrey inserted a resolution of the Central Minn. School Administrators urging increased appropriations for the school-lunch program. p. 2123
14. LEGISLATIVE PROGRAM. Sen. Johnson announced that the postal rate bill would be considered Tues., Feb. 25, to which would be offered an amendment attaching the postal pay bill, and that at the conclusion of action on the bills the Senate would proceed to consider the classified pay raise bill. pp. 2134-6

Daily Digest

HIGHLIGHTS

Senate passed bill on air carriers and took up debt limit bill.

Senate

Chamber Action

Routine Proceedings, pages 2122-2134

Bills Introduced: 3 bills and 2 resolutions were introduced, as follows: S. 3319-3321; S. J. Res. 153; and S. Con. Res. 63.

Pages 2124-2125

Bills Reported: Reports were made as follows:

S. 2833, a private bill (S. Rept. 1293);

S. 1041, relating to printing of illustrations in annual reports of D. C. departments (S. Rept. 1294);

S. 1706, granting certain additional powers to the D. C. Commissioners, with amendment (S. Rept. 1295);

H. R. 9271, private bill (S. Rept. 1296);

H. R. 9955, to increase temporarily the public debt limit by \$5 billion (S. Rept. 1297);

S. 2725, to exempt from taxes certain property of the National Council of Negro Women (S. Rept. 1298); and

S. 3057, to increase the salary of the Superintendent of the D. C. Schools to \$22,000 per annum (S. Rept. 1299).

Page 2124

Bills Referred: Two House-passed concurrent resolutions were referred to appropriate committees.

Page 2121

Khapra Beetle: Senate concurred in House amendment to S. 1805, for relief of persons and firms for expenses for control and eradication of the khapra beetle. This action cleared bill for President's signature.

Page 2132

Legislative Program: Majority leader announced that in event H. R. 5836, postal rate bill, has been reported, Senate will proceed to its consideration on Tuesday, February 25, following completion of morning business, and the consideration thereof should be completed that day or the next. It is expected that S. 27, postal pay bill, will be offered as a floor amendment to H. R. 5836. It is also the intention of the leadership when action is concluded on these two bills to proceed to consideration of S. 734, Government employees' pay bill.

In event H. R. 9955, public debt limit increase, has been reported, this bill will be considered on Monday, February 24.

Pages 2134-2136

Air Carriers: Senate passed with committee amendment in nature of a substitute, as amended, H. R. 5822, relating to the reinvestment by air carriers of the proceeds from sale of certain operating property and equipment. Prior to this action, committee amendment in the nature of a substitute, as amended, was further amended by adoption of Williams amendment to provide that neither capital gains nor capital losses shall be taken into account in determining need of carrier for compensation for mail transportation and in determining its "other revenue."

Senate also rejected by 14 yeas to 70 nays, Lausche amendment in the form of a substitute for the committee amendment in the nature of a substitute.

Pages 2134, 2142-2145, 2146-2147

U. S. S. Arizona Memorial: H. R. 5809, to provide for a U. S. S. Arizona Memorial at Pearl Harbor, was temporarily put aside for consideration of another bill.

Page 2147

Debt Limit Increase: After temporarily putting aside its unfinished business, H. R. 5809, U. S. S. Arizona Memorial, Senate took up and made its pending business H. R. 9955, to increase temporarily the public debt limit by \$5 billion.

Page 2148

Confirmations: Senate confirmed nomination of Howard P. Jones, of Maryland, to be Ambassador to Indonesia, and confirmed 227 Coast Guard nominations.

Pages 2152-2153

Nominations: Four civilian nominations were received, including that of Malcolm Anderson, of Pennsylvania, to be an Assistant Attorney General, and one Army nomination.

Page 2152

Program for Friday: Senate recessed at 3:47 p. m. until noon, Friday, February 21, when it will hear Senator Church read Washington's Farewell Address. The pending business, H. R. 9955, temporarily increasing the public debt limit, will not be acted on before Monday, and no yea-and-nay votes are scheduled in the Senate on Friday.

Pages 2147, 2148, 2152

Committee Meetings

(Committees not listed did not meet)

PRICE SUPPORTS

Committee on Agriculture and Forestry: Subcommittee on Agricultural Production, Marketing, and Stabilization of Prices began hearings on proposed legislation dealing with price supports for corn and feed grains, with testimony from Marvin L. McLain, Assistant Secretary of Agriculture, who was accompanied by his associates; Alex Dickie, Jr., of Benton, Tex., and John Raber, Indianapolis, Ind., both of whom represented the National Farmers Union; and Fred Bailey, representing the National Grange.

Hearings continue tomorrow.

D. C. MATTERS

Committee on the District of Columbia: Committee ordered favorably reported the following:

Without amendment S. 2725, to exempt from taxation certain property of the National Council of Negro Women; S. 3057, to increase the salary of the Superintendent of the D. C. Schools to \$22,000 per annum; S. 1041, relating to printing of illustrations in annual reports of D. C. Departments; and H. R. 9271, authorizing Society of Sons of the American Revolution to use certain D. C. real property as its national headquarters; with amendment S. 1706, granting certain additional powers to the D. C. Commissioners; and the nomination of Harold A. Kertz, to be a member of the D. C. Public Utilities Commission.

The committee also approved a committee resolution paying tribute to the late Senator Neely.

Committee heard a discussion of D. C. crime problems from Commissioner Robert E. McLaughlin and Chief of Police Robert V. Murray.

It was announced that the D. C. Committees of the Senate and House will meet jointly on February 24 to receive a message on the state of the District of Columbia.

DEBT LIMIT INCREASE

Committee on Finance: Committee, in executive session, ordered favorably reported without amendment H. R. 9955, to increase temporarily the public debt limit by \$5 billion.

Committee announced that it would begin hearings on February 25 on H. R. 8381, to amend the Internal Revenue Code of 1954 to correct unintended benefits and hardships.

RAILROAD SITUATION

Committee on Interstate and Foreign Commerce: The Surface Transportation Subcommittee continued its inquiry into the railroad situation, with testimony from Edwin N. Yeary, president, Yeary Transfer Co., Lexington, Ky.; William O. Gohlke, president, Federal Truck-

ing Co., Federalsburg, Md.; and Ernie Adamson, Middleburg, Va.

The hearings were adjourned until March 6 at 10:30 a. m., when representatives of the air-carrier industry will be heard.

APPELLATE JURISDICTION OF SUPREME COURT

Committee on the Judiciary: The Internal Security Subcommittee continued its hearings on S. 2646, to limit the appellate jurisdiction of the Supreme Court in certain cases, with testimony favoring its enactment from Harold S. Malin, of Cumberland, Md., and Homer Brent, Chevy Chase, Md.

Hearings continue tomorrow.

NOMINATION

Committee on the Judiciary: Subcommittee held hearings on the nomination of Axel Beck, to be U. S. district judge for South Dakota, with testimony favoring his confirmation from Senators Mundt and Case, of South Dakota, and Representative Berry. The nominee was present.

SCIENCE AND EDUCATION

Committee on Labor and Public Welfare: Committee continued its hearings on subject of science and education for national defense, having as its witness Dr. William E. Carr, executive secretary, who was accompanied by Dr. Glen E. Robinson, assistant director, both of the National Education Association.

Hearings continue tomorrow.

POSTAL RATE INCREASES

Committee on Post Office and Civil Service: Committee, in executive session, ordered favorably reported with amendments H. R. 5836, to readjust postal rates and to establish a congressional policy for the determination of postal rates. The bill, as approved, would raise \$750 million in revenue. Major actions taken by the committee would:

On first-class mail—increase the rate on first-class letter mail from 3 cents to 5 cents per ounce for non-local mail for 3 years, and increase from 3 cents to 4 cents per ounce for local mail; increase the rate on post cards from 2 cents to 3 cents, handwritten post cards to remain at 2 cents;

On second-class mail—provide 3 annual 10-percent increases for nonadvertising matter, and provide 3 annual 20-percent increases on advertising matter;

On third-class mail—increase the per piece minimum charge for bulk mail from 1½ cents to 2 cents immediately, and to 2½ cents on July 1, 1959; and

On parcel post—provide that limitations on parcels mailed at a first-class office for delivery at another first-class office in zones 3 through 8 would be increased from 20 pounds to 40 pounds and from 72 inches in girth to 84 inches, and the girth limitations on such parcels in zones 1 and 2 would be increased from 72

inches to 84 inches; all other parts of Public Law 199, 82d Congress, would remain unchanged.

Bill would also establish a congressional postal policy.

The provisions of the bill would become effective generally on July 1, 1958.

SPACE EXPLORATION

Special Committee on Astronautics and Space Exploration held an executive organizational meeting and elected Senator Johnson, of Texas, as its chairman.

House of Representatives

Chamber Action

Bills Introduced: 31 public bills, H. R. 10851-10881; 4 private bills, H. R. 10882-10885; and 1 resolution, H. J. Res. 546, were introduced.

Pages 2159-2160

Bill Reported: Reports were filed as follows:

H. R. 1283, a private bill (H. Rept. 1366);

Disposition of executive papers (H. Rept. 1367);

Report of special subcommittee of the Committee on the Judiciary entitled "Immigration Problems on the Southeastern Sea Border" (H. Rept. 1368);

S. 916, to provide for issuance of checks and continuation of accounts when there is a vacancy in the office of the Post Office Department (H. Rept. 1369);

Eighteenth Report by the Committee on Government Operations entitled "Military Clothing Procurement (Executive Action in Response to Committee Recommendations)" (H. Rept. 1370);

Nineteenth Report by the Committee on Government Operations entitled "United States Military Aid and Supply Programs in Western Europe" (H. Rept. 1371);

Twentieth Report by the Committee on Government Operations entitled "False and Misleading Advertising (Filter-Tip Cigarettes)" (H. Rept. 1372); and

H. R. 10881, second supplemental appropriation bill for 1958 (H. Rept. 1373).

Page 2159

Washington's Farewell Address: Pursuant to a special order agreed to on February 13, 1958, the House heard the reading of George Washington's Farewell Address by Representative Ullman.

Pages 2154-2158

Committee Resignation: Received from Representative Hosmer a letter of resignation from membership on the Select Committee To Conduct a Study and Investigation of the Problems of Small Business.

Page 2158

Committee Appointment: Representative Moore was appointed by the Speaker to membership on the Select Committee To Conduct a Study and Investigation of the Problems of Small Business.

Page 2158

Calendar Wednesday: Agreed to dispense with Calendar Wednesday business of February 26.

Page 2158

Late Report: The Committee on Government Operations was granted permission to file, by midnight Saturday, a report.

Page 2158

Program for Monday: Adjourned at 12:46 p. m. until Monday, February 24, at 12 o'clock noon, when D. C. legislation will be in order (no business scheduled).

Committee Meetings

NATIONAL DEFENSE

Committee on Armed Services: Continued executive inquiry regarding the national defense. Among Air Force Department witnesses heard were Assistant Secretary Richard E. Horner, Lt. Gen. Donald L. Putt, and Lt. Gen. Clarence S. Irvine, Deputy Chiefs of Staff for Development and Materiel, respectively. Executive sessions continue tomorrow.

MILITARY PAY BILL

Committee on Armed Services: Subcommittee No. 2 continued hearing on H. R. 9979, to change the method of computing basic pay for members of the uniformed services. Testimony was received from Secretary of Defense Neil H. McElroy; Gen. Nathan F. Twining, Chairman, Joint Chiefs of Staff; Secretary of the Navy Thomas S. Gates and other Navy Department witnesses. Hearings continue tomorrow.

PUBLIC EDUCATION

Committee on Education and Labor: Subcommittee on Special Education met in joint session with the Subcommittee on General Education and received testimony from public witness relating to work-study programs and other aids to education. Recessed until Wednesday, February 26.

MILITARY ASSISTANCE PROGRAM

Committee on Foreign Affairs: Met in executive session and received testimony from Gen. Nathan F. Twining, Chairman, Joint Chiefs of Staff; Assistant Secretary of Defense for International Security Affairs Mansfield D. Sprague; and other Defense Department officials on the classified General Accounting Office reports on the military assistance program, and related matters. Executive sessions continue tomorrow.

CORPORATION CONTROL ACT

Committee on Government Operations: Subcommittee on Executive and Legislative Reorganization held hearing on H. R. 8332, to amend the Government Corporation Control Act. Among the witnesses heard were

Jesse Wolcott, Chairman, Federal Deposit Insurance Corporation; Treasury and Comptroller General's representatives; and other public witnesses. Hearings recessed until Monday, February 24.

RECLAMATION

Committee on Interior and Insular Affairs: Subcommittee on Irrigation and Reclamation met and approved motion to submit resolution to full committee approving small-projects loan application of Cameron County Water Control and Improvement District, Texas. Also held hearing on H. R. 7534 and S. 2037, authorizing the performance of necessary protection work between the Yuma project and Boulder Dam by the Bureau of Reclamation. Witnesses heard were Representatives Kilgore and Udall, Bureau of Reclamation officials, and others.

Hearings continue tomorrow.

AGENCY INVESTIGATION

Committee on Interstate and Foreign Commerce: Subcommittee on Legislative Oversight continued hearings on investigation of Federal regulatory agencies. Testimony was received from public witnesses and hearings continue tomorrow.

PRESIDENTIAL INABILITY

Committee on the Judiciary: Subcommittee on Study of Presidential Inability met in executive session and ordered favorably reported to the full committee H. R. 10880, relating to the inability of the President to discharge the powers and duties of his office.

IMMIGRATION

Committee on the Judiciary: Subcommittee No. 1 met in executive session and took action on a number of private immigration bills.

FEDERAL PAY BILLS

Committee on Post Office and Civil Service: Continued hearings on bills relating to salary increase for postal field service and classified employees. Testimony was received from Representative Dixon and Federal employee organizations.

Hearings are scheduled to be concluded tomorrow.

BILLS SIGNED BY THE PRESIDENT

New Laws

(For last listing of public laws, see DIGEST, p. D87)

H. R. 3770, to rename the Strawn Dam and Reservoir project in Kansas as the John Redmond Dam and Reservoir. Signed February 15, 1958 (P. L. 85-327).

S. 1908, to amend the D. C. Hospital Center Act rela-

VETERANS' FUND DRIVES

Committee on Veterans' Affairs: Continued hearings on inquiry into fund-raising campaigns by or in behalf of veterans' organizations. Testimony was received from representatives of the National Association of Veterans Employees Councils. Hearings continue tomorrow.

TRADE AGREEMENTS

Committee on Ways and Means: Continued hearings on H. R. 10368, and related bills, to extend the authority of the President to enter into trade agreements under section 350 of the Tariff Act of 1930, as amended. Testimony was received from members of the United States Tariff Commission. Hearings continue tomorrow.

Joint Committee Meetings

ATOMIC ENERGY INDUSTRY

Joint Committee on Atomic Energy: Committee continued its annual series of hearings on the development, growth, and state of the atomic energy industry, with testimony from the following witnesses: John S. Graham and John F. Floberg, Commissioners, Harold Price, Chief, Division of Licensing and Regulation, and other officials of the Atomic Energy Commission; R. Roger McCullough, Chairman, accompanied by Drs. Abel Wolman, Vice Chairman, and Reuel C. Stratton, member, all of the Advisory Committee on Reactor Safeguards; Michael Michaelis, Arthur D. Little, Inc., Cambridge, Mass.; Prof. V. L. Parsegian, Rensselaer Polytechnic Institute; Jerome Luntz, editor, Nucleonics, New York; and Phillip Powers, president, Internuclear Co., Clayton, Mo.

Hearings continue tomorrow.

MOBILIZATION PLANS

Joint Committee on Defense Production: Committee met in executive session to hear ODM Director Gordon Gray testify and answer questions with regard to the adequacy of mobilization plans and programs to meet nuclear attack as well as limited-scale war, including plans for the continuity of production. Mr. Gray will resume his testimony tomorrow.

tive to construction of a hospital in Southeast Washington, D. C. Signed February 15, 1958 (P. L. 85-328).

H. R. 6660, designating the Tuscaloosa lock and dam in Alabama as the William Bacon Oliver lock and dam. Signed February 15, 1958 (P. L. 85-329).

H. R. 6078, to erect suitable markers at Fort Myer, Va., to commemorate the first flight of an airplane on an Army installation. Signed February 15, 1958 (P. L. 85-329).

Feb. 24, 1958
Senate

14. DAIRY INDUSTRY. The Agriculture and Forestry Committee reported two original bills: S. 3341, to extend the Armed Forces dairy products program for 3 years (S. Rept. 1318). p. 2217; S. 3342, to continue the special milk program for children (S. Rept. 1319). p. 2217
Sen. Proxmire criticized the proposed cut in dairy price supports, and inserted his testimony before the Senate Agriculture and Forestry Committee, and resolutions from Wis. farm organizations opposing such reductions. pp. 2225-6
Both Houses received a S. C. Legislature resolution urging Congress to support milk prices at \$3.25 a hundredweight, and a 1946-8 base for manufactured milk parity prices. pp. 2214, 2309
Sen. Cotton inserted a resolution of the Granite State Dairymen's Ass'n favoring a gradual reduction of all price supports. p. 2216
15. LIVESTOCK. Sen. Smathers criticized this Department for its refusal to permit a private zoo in Fla. to import a giraffe, and inserted the decision of the Court of Appeals upholding the right of the zoo to receive the animal. pp. 2269-72
16. SOIL CONSERVATION. Sen. Stennis urged that the fiscal year 1959 ACP program be continued on the 1958 level, and that sums not used for conservation reserve payments be made available for the program. He inserted statistics on these programs. pp. 2239-41
17. FARM PROGRAM. Sens. Church and Long discussed farm problems, and Sen. Church urged that farm prices be maintained at a high level, with production controls to prevent surpluses, and that the problems of farmers be explained more fully to non-farmers. pp. 2273-5
18. PERSONNEL. Sen. Stennis, for himself and Sen. Carlson, submitted amendments intended to be proposed by him to S. 734, the classified pay bill. p. 2221
19. POSTAL RATES. The Post Office and Civil Service Committee reported with amendments H. R. 5836, to readjust postal rates and establish a Congressional policy for determining postal rates (S. Rept. 1321). (~~p. 2217~~) This became the Senate's pending business (p. 2273)
Sens. Hayden, Lausche, and Martin of Pa. discussed the Post Office deficit and the proposed postal rates increase. pp. 2236-9
20. STATEHOOD. Sen. Church urged that the question of statehood for Alaska be kept separate from that of Hawaii, and inserted a resolution of the Democratic National Committee urging Congress to pass S. 45, to admit Alaska as a state. p. 2229
21. INTEREST RATES. Sen. Fulbright stated that the delay in consideration of S. 2427, to increase the interest rates of Federal lending programs, was caused by the lack of information from the Budget Bureau on the effect of the bill on such loan programs. pp. 2241-3
22. FOREIGN AID. Sen. Morse endorsed the idea of a multilateral foreign aid program, such as that proposed by Sen. Monroney in S. Res. 264, favoring the establishment of an International Development Ass'n. He inserted an article on the proposal. pp. 2249-50

23. FORESTRY. Sen. Morse inserted an editorial alleging that while there has been no mining activity on the Al Sarena tract, Ore., 3 million board feet of timber have been cut off it, and calling this a "scandalous giveaway." p. 2252
24. SOIL BANK. Both Houses received from the S. C. Legislature a resolution urging Congress to appropriate sufficient funds to enable all farmers who apply to participate in the soil bank program. pp. 2214, 2309
25. TOBACCO. Sen. Talmadge inserted a Ga. Legislature resolution urging that tobacco acreage allotments be restored to their 1956 levels. p. 2215
26. RURAL LIBRARIES. Sen. Wiley inserted a resolution of the American Library Ass'n urging Congress to appropriate the full authorized sum under the Library Services Act to extend library service to rural areas. pp. 2215-16
27. EDUCATION. Sen. Wiley inserted a resolution of the Madison, Wis., Federation of Labor protesting against any reduction of Federal aid for vocational education. p. 2216

BILL APPROVED BY THE PRESIDENT

28. DISASTER LOANS. S. 2920, to authorize disaster loans to small business concerns suffering economic loss as a result of excessive rainfall. Approved February 22, 1958 (Public Law 85-335, 85th Congress).

ITEMS IN APPENDIX

29. WATER RESOURCES. Extension of remarks of Rep. Blatnik emphasizing the necessity for an effective water conservation and utilization program and describing the responsibility for pollution abatement. pp. A1635-42
Rep. McGovern inserted excerpts from a speech urging full development of water resources for electric power, flood control, water conservation and recreational activities. p. A1653
Rep. Blatnik inserted Charles H. Callison's, Nat'l Wildlife Federation, testimony before the House Committee on Intergovernmental Relations analyzing water pollution problems. pp. A1654-5
Rep. Blatnik also inserted Mayor Weatherford's, Independence, Mo., statement on this same subject. pp. A1657-9
30. FARM PROGRAM. Rep. Engle inserted an editorial, "Benson Paints Partial Picture of Farm Plight." pp. A1652-3
Rep. Weaver inserted an editorial, "Benson Must Go," criticizing the administration's farm program.
Extension of remarks of Rep. Alger stating that "Secretary Benson has undoubtedly one of the toughest jobs in Government and he is manfully striving to look after the farmers' interest..." and inserting an editorial on this subject. p. A1688
31. TRADE AGREEMENTS. Rep. Curtis inserted Secretary of State Dulles' statement in support of the President's proposal to extend the Reciprocal Trade Agreements Act. pp. A1655-7
Rep. Moss inserted Lamar Fleming's testimony in support of renewal of the Trade Agreements Act. pp. A1670-1

AN ACT TO ESTABLISH A POSTAL POLICY AND TO ADJUST POSTAL RATES

FEBRUARY 24, 1958.—Ordered to be printed

Mr. MANSFIELD (for Mr. JOHNSTON of South Carolina), from the Committee on Post Office and Civil Service, submitted the following

REPORT

[To accompany H. R. 5836]

The Committee on Post Office and Civil Service, to whom was referred the bill (H. R. 5836) to readjust postal rates and to establish a congressional policy for the determination of postal rates, and for other purposes, having considered the same, report favorably thereon with an amendment and recommend that the bill, as amended, do pass.

AMENDMENT

The committee amendment strikes out all of the bill after the enacting clause and substitutes therefor a new bill which appears in the reported bill in italic type.

STATEMENT

Sweeping increases in postal rates have been urged by the present Postmaster General, to one extent or another, on many occasions since 1953.

H. R. 5836, as reported, embodies proposals contained in his letters to the Speaker of the House of Representatives and the Vice President of the United States dated March 7, 1957, with one major difference; that being the 5 cents rate on nonlocal first-class mail. The recommendation of the Postmaster General last year requested a 4-cent rate on first-class mail, however, the Postmaster General this year recommended a 5-cent rate on nonlocal first-class mail. This 5-cent rate was approved by the Committee on Post Office and Civil Service by a vote of 7 to 6, 2 members of the majority party joining with 5 members of the minority party in accepting this provision. Several other features of the bill, as reported, also were accepted by a vote of 7 to 6.

THE NEED AND JUSTIFICATION FOR A POSTAL RATE POLICY

Title I of H. R. 5836, as amended, establishes a postal policy for the determination of postal rates. Enactment of this policy declaration will establish for the first time in over 100 years a comprehensive set of ground rules to serve as a guide for the Congress in its rate-making legislation, and for the Post Office Department in making its rate recommendations to the Congress. From the long-term point of view, title I is probably the most important part of this bill.

Throughout the years, the Congress has legislated on rate matters to meet specific needs as they arose. However, never before in recent history have these separate actions been viewed as a whole and put together as a composite guide not only for the present but for many years to come. This policy declaration, if enacted by the Congress, should vastly simplify the problem of adjusting postal rates in the future.

Piecemeal action on the rate problem in past years had led to misunderstanding by the public of the so-called postal deficit. This misunderstanding has even been shared to a degree by officials of the Post Office Department and by Members of Congress. The tremendous increase since World War II in all costs borne by the Post Office Department (per piece costs of handling mail have risen 54 percent since 1946) has magnified this misunderstanding as the "deficit" has risen. The Department has been blamed for annual losses which were not of its own making. Various actions of Congress have increased these losses.

The Post Office Department has for many years employed an accounting method known as cost ascertainment. This system allocates revenues and expenses by classes of mail and does provide useful information for the guidance of Post Office Department officials in the management of the postal establishment. However, in the recent past, postal officials have yielded to the temptation to use cost ascertainment figures as a justification for increases in postal rates. Mail-user groups have been unanimous in complaining against this practice, pointing out that straight accounting methods cannot take into consideration intangible factors which should be considered in making decisions on rates. This point has been conceded by postal officials. A recent statement by the Post Office Department declared:

Cost accounting cannot be applied in a vacuum. The main test of the validity of cost allocations in any circumstance is one of reasonableness and usefulness in relation to the management objectives. One method of cost accounting will be proper in deciding whether to expand or contract a business, whereas another will be proper in fixing selling prices of a commodity. Therefore, cost accounting cannot be expected to produce answers to fill the void left by failure of the Congress thus far to express a statement of policy for the Post Office. If such a statement of policy is once made, a method of cost finding can be adopted to carry out that policy.

The committee has been struggling to meet this need for a policy statement for a number of years, starting in the 83d Congress. Two citizen advisory groups have been created and have contributed reports which have proved most useful in preparation of this legislation. In 1953, pursuant to Senate Resolution 49 of the 83d Con-

gress, an advisory group to the Committee on Post Office and Civil Service of the Senate issued what is commonly known as the Carlson report, which attempted to measure those public services which the Post Office Department has been rendering either free or at a price below the cost of rendering the service. This assessment of measurable public services was estimated at approximately \$275 million in 1952. This figure was reached in a study made by a leading accounting firm. It represented 10 percent of the total cost of postal operations at that time.

While no legislation resulted from the Carlson report, its findings did supply the basis for further effort toward a policy declaration begun in the 85th Congress by the Citizens' Advisory Council to the Senate Committee on Post Office and Civil Service. Its report was issued in February 1957. Its report, entitled "The Post Office As A Public Service," set the cost of measurable public welfare expenses in 1955 at \$392 million, or approximately 15 percent of total Post Office costs at that time. In addition, the Advisory Council noted that there are many additional hidden public welfare costs which cannot be precisely measured but which definitely exist.

Examples of these public welfare costs include free-in-county delivery of newspapers, rural free delivery, uneconomic post offices which cost far more to operate than they take in, free mail for the blind, preferential rates granted to so-called "exempt" or nonprofit publications, losses caused by size and weight limitations on parcels, losses on such special services as registered mail, money orders, etc., and finally losses on many nonpostal services such as issuance of documentary stamps, performance of numerous duties for the Civil Service Commission, and similar necessary but costly services which the Post Office renders but is not repaid to meet the costs. The Advisory Council found, for example, that rural free delivery costs \$190 million a year and that half of this, or \$95 million, is a proper assessment of the public welfare contribution which should be charged to rural free delivery. It also found that the loss on "exempt," or nonprofit publications in second-class mail, amounted to over \$46 million. The Council recommended that this and other losses of similar character be segregated in Post Office Department accounting by being set aside as costs which should not be charged to mail users.

Among the nonmeasurable costs are the following: Providing notary public service; collecting customs fees; furnishing flags for funerals of veterans; registering 2½ million aliens for the Department of Justice annually; receiving and transmitting funds for volunteer charities; certifying widows and children for pension benefits; and many others. All these functions are desirable and necessary and can probably best be done through use of the postal establishment.

The committee held lengthy hearings specifically on the question of adopting a policy declaration. After exhaustive study, it was concluded that 15 percent of total expenditures of the Post Office Department should be set aside as the total estimated value of these public services. This amount should be met from general funds of the Treasury. There is ample statistical justification for this figure and sound logic indicates that segregating public welfare costs is the proper way to meet this problem.

The Post Office Department has recently made some modifications in its cost ascertainment system. This is a step in the right direction,

but the committee believes it does not go far enough. These changes have been designed to recognize the primacy of first-class mail, by assessing a greater share of total cost to this class of mail and discounting the costs allocated to other classes. This procedural change recognizes that first-class mail is the primary service of the Post Office Department, and that all other mail gets deferred handling. In this connection, President Dwight D. Eisenhower stated in a message to the Congress on January 11, 1955:

The privacy, security, and swift dispatch of letter mail, the priority of service at all times, in all places, and the intrinsic value of such mail are factors which are pertinent to rate-making in addition to the cost factor.

The committee agrees with this philosophy and has determined that first-class mail is the basic service and should make a greater contribution to the overhead expense of the Department than the subsidiary classes. The committee believes that the subsidiary classes should be priced on an incremental or "out-of-pocket" cost basis. ("Out-of-pocket" costs are those expenses incurred directly in handling a certain class of mail, and which would not be incurred if the additional service were not rendered.)

For example, Post Office Department figures indicate that second-class mail loses \$102 million a year, and not \$269 million as shown by straight cost ascertainment; and third-class mail loses \$109 million annually, and not \$234 million as indicated by straight cost ascertainment. The committee believes that these costs need to be reduced still further by recognition of other public welfare costs not considered in the Post Office Department tabulation.

Adoption of title I will be a milestone in postal ratemaking. It will serve to take the water out of the inflated "deficit" which will be reduced for the first time to a figure that is meaningful.

RATE INCREASES

The bill provides for the following general increases in postal rates:

First-class mail

1. Nonlocal letter mail from the present rate of 3 cents to 5 cents.
2. Local letter mail from the present rate of 3 cents to 4 cents.
3. Drop letters (letters for local delivery at post offices where free delivery is not established and when they are not collected or delivered by rural or star route carrier) from the present rate of 2 cents to 3 cents.
4. Post and postal cards (except where the message and address are in original handwriting) from the present rate of 2 cents to 3 cents.
5. Domestic airmail letters from the present rate of 6 cents to 8 cents.
6. Domestic airmail post and postal cards from the present rate of 4 cents to 5 cents.

Second-class mail

1. Subscription newspapers and periodicals:
 - (a) Nonadvertising portion: 3 annual increases of 10 percent of current rates.
 - (b) Advertising portion: 3 annual increases of 20 percent of current rates.

(c) The minimum copy rate is increased from the present rate of one-eighth cent by one-eighth cent annually until it reaches one-half cent in 1960.

2. Transient rate (applicable to publications having second-class entry by other than publishers or as sample copies in excess of 10 percent allowance) from the present rate of 2 cents for the first 2 ounces and 1 cent for each additional 2 ounces to 2 cents for the first 2 ounces and 1 cent for each additional ounce.

3. Special business publications: increases the present rate of 10 cents (for those not over 8 ounces) and 11 cents (for those over 8 ounces) to 12 cents per pound regardless of weight.

Note.—The existing low preferential rates on newspapers or periodicals of religious, educational, scientific etc., nonprofit organizations, and certain religious, educational, and other publications for classroom use are continued without material change by providing that such organizations be granted a fixed percentage reduction from the new rates established by the bill.

The present free mail privilege for newspapers mailed and printed in the county of publication to subscribers residing in that county is continued.

Third-class mail

1. Single piece rate: Circulars and other printed matter, and merchandise from 2 cents to 3 cents on the first 2 ounces or less.

2. Bulk rate: Circulars and other printed matter, and merchandise from the present minimum piece rate of 1½ cents to 2 cents on July 1, 1958, and to 2½ cents on July 1, 1959, and the pound rate from 14 cents to 16 cents.

3. Permits to mail at third-class bulk rates increased from \$10 to \$20 per year.

Note.—The existing low preferential rates on third-class matter mailed by certain religious, educational, scientific, etc., nonprofit organizations are continued without material change by providing that such organizations be granted a fixed percentage reduction from the new rates established by the bill.

ADDITIONAL REVENUE

The Post Office Department estimates that the additional revenue produced by the bill will amount to \$747.2 million annually as shown in column 4 of the table under "Costs and Revenues."

COSTS AND REVENUES

Following is a table prepared by the Post Office Department showing estimated revenues and adjusted costs for the several classes and categories of mail:

Summary showing classes of mail affected by rate increases in H. R. 5836, as amended by the Senate Post Office and Civil Service Committee

Mail classification	Unit	(1) Revenue		(2) Present rate	(3) Proposed rate	(4) Estimated additional revenue	(5) Estimated total future revenue	(6) Total adjusted cost, 1956 ¹
		1957	1956					
1st class:								
Nonlocal letters.....	Ounce.....	\$663.3	\$639.2	3.0	Cents 5.0	Millions \$380.0	Millions \$1,019.2	\$1,359.9
Local letters.....	do.....	333.8	306.2	3.0	4.0	156.0	462.2	
Cards.....	Each.....	66.0	65.9	2.0	3.0	23.9	89.8	
Drop letters.....	Ounce.....	2.9	2.4	2.0	3.0	1.5	3.9	
Airmail letters.....	do.....	103.1	104.5	6.0	8.0	34.4	138.9	139.2
Airmail cards.....	Each.....	.8	.8	4.0	5.0	.2	1.0	
2d class:								
Publishers' pound rates:								
(a) Editorial.....	Pound.....			1.95	Increase 1st 2d 3d 2.1 2.3 2.5			
(b) Advertising:								
Zones 1 and 2.....	do.....			1.95	2.2 2.6 3.0			
Zone 3.....	do.....			2.6	3.0 3.5 4.0			
Zone 4.....	do.....			3.9	4.5 5.2 6.0	25.3	77.6	
Zone 5.....	do.....	52.0	52.3	5.2	6.0 7.0 8.0			
Zone 6.....	do.....			6.5	7.7 8.7 10.0			
Zone 7.....	do.....			7.8	9.2 11.0 12.0			
Zone 8.....	do.....			9.1	11.0 12.5 14.0			
(c) Exempt publications.....	do.....	3.8	3.6	1.95	50 percent of regular rates	2.6	6.2	167.5
(d) Classroom publications.....	do.....	.5	.4	1.5-7.0	35 percent reduction from regular rates	.2	.6	
(e) Minimum per copy.....	Each.....	1.0	1.0	$\frac{1}{8}$	regular rates	4.1	5.1	
Transient.....	1st 2 ounces.....	3.0	3.0	2.0	$\frac{3}{4}$ 2.0 $\frac{1}{2}$	1.0	4.0	
	Additional 2 ounces.....			1.0	1.0 (each 1 ounce)			
In-county mailings and fees.....	Not over 8 ounces.....	6.1	5.6		No change		5.6	
Special business publications.....	Over 8 ounces.....	6.7	5.7	10.0 11.0	12.0 12.0	.8	6.5	6.1

VIEWS OF THE CHAIRMAN

In the opinion of the chairman of the committee, the increases approved by the committee are exorbitant and will have a very adverse effect on the economy of the Nation.

The 5-cent rate proposed for nonlocal first-class mail will not produce the revenues anticipated because of a decrease in volume of at least 10 percent. Furthermore, it will have the effect of imposing a double tax on the general public: They not only must pay increased postal rates but they will be subjected to increased taxation to meet the increased costs of State and local governments resulting from the increase in postal rates. State governments will have to seek additional revenues because of the more than 60 percent increase in their cost of mailings. In New York City alone this will amount to almost a million and one-half dollars annually; in the State of Texas about \$1 million annually and in South Carolina about \$325,000 annually. The tax return to the Federal Government from many private businesses will be drastically reduced because postage cost is a legitimate deductible expense item.

Many small publishers using second-class mail will simply resort to other available means of contacting the public. Where no additional means can be found, they will have no alternative but to close their businesses. Small publishing concerns operate on a small margin of profit and the increases proposed in this bill cannot be absorbed.

In the opinion of the chairman, the committee has voted increases in third-class mail that will cause a reduction in mail volume of that class of mail of at least 40 percent. There are 230,000 third-class permit holders in the United States that are responsible for over \$17 billion of our total gross sales. More than 90 percent of these permit holders are small-business people who cannot afford to advertise their products through the medium of radio or television or in the newspapers. Many thousands will have to close their doors as the result of the increases proposed in this bill.

According to the estimates of the Post Office Department third-class mail will show a profit of over \$25 million annually, after the new rates herein proposed are made effective.

The chairman of the committee believes strongly that these and other factors should be given greater weight in adjusting postal rates. If that were done some of the increases provided in the reported bill would necessarily be adjusted downward. We cannot afford to legislate in haste or from fright.

EXPLANATION OF THE BILL BY TITLE AND SECTION

TITLE I—POSTAL POLICY

This title establishes a policy for the determination of postal rates.

Section 101. This section provides that the title may be cited as the "Postal Policy Act of 1958."

Section 102. This section sets forth findings of Congress with respect to the historical background, development, and expansion of the postal service and its contribution to the national economy, and states the need for a clear and affirmative declaration of policy with respect to the public-service activities of the postal establishment so that their identification and exclusion from total costs will result in a practical

basis for the creation and maintenance of a sound and equitable postal-rate structure such as will insure efficient service and produce adequate postal revenues.

Section 103. This section sets forth the declaration of policy as follows:

(a) A stable basis must be provided for the fixing of postal rates.

(b) The post office is a public service.

(c) Consideration should be given to the—

1. Preservation of the inherent advantages of the postal service in the promotion of social, cultural, intellectual, and commercial intercourse among our people.

2. Development and maintenance of a postal service adapted to our present and future needs.

3. Promotion of an adequate, economical, and efficient postal service at reasonable and equitable rates.

4. The impact of postal rates on users of the mails.

5. The requirements of the postal establishment as to the manner and form of preparation and presentation of mailings of the various classes.

6. The value of mail.

7. The value of time of delivery of mail.

8. The quality and character of the service rendered in terms of priority, secrecy, security, speed of transmission, use of facilities and manpower, and other pertinent factors.

(d) The collection, transportation, and delivery of first-class mail is the primary function of the postal establishment. Costs of handling first-class mail shall include the entire amount of expenses allocated to it and an additional amount representing a fair value of extraordinary and preferential services, specially designed facilities, and other related factors. The cost of other classes of mail and special services (except fourth-class mail) are to be computed on an incremental or "out of pocket" cost basis.

(e) That services, elements of service and facilities provided by the postal establishment, including services having public service aspects, which in whole or in part, are deemed by the Congress to be public services, shall be administered on the following basis:

(1) The sum of such public service items as determined by Congress should be assumed by the Federal Government and paid for out of the general fund of the Treasury. These public service costs should not constitute direct charges in the form of rates and fees upon any user or class of users of the mails generally; and

(2) That nothing contained in the declaration of policy is to be construed as indicating an intention on the part of Congress that such public services should be limited or restricted or to derogate in any way from the need and desirability thereof in the public interest.

(f) For the purpose of fixing and adjusting the postal rate structure rates and fees shall be adjusted from time to time so that the total amount of all postal revenues shall be approximately equal to the total amount of nonpublic service expenses.

Section 104. This section identifies the public services of the post office and provides that the total loss resulting from the transmission of certain described matter in the mails free of postage or at reduced

rates of postage as provided by statute shall be covered by appropriations to the postal revenue from the general fund of the Treasury.

Subsection (b) authorizes an appropriation to the revenues of the Department for each fiscal year of an amount which shall be deemed to be attributable to public services equal to 15 percent of the total estimated expenditures of the Department for such year.

Section 105. This section directs the Postmaster General to initiate a study and review of the postal-rate structure and of the expenses incurred and revenues received in connection with the several classes of mail and the various classes of services provided by the postal establishment. Based on this study he is to submit to the Congress not later than April 15, of each alternate fiscal year beginning with the year ending June 30, 1960, a report of the results of his review. The report must include information with respect to expenses and revenues pertinent to the allocation of expenses and determination and adjustment of postal rates and fees. It must also include such other information as the Congress may require in order that it might carry out the purposes of this title.

TITLE II—POSTAL RATE INCREASES

This title of the bill provides increases in the rates of postage on first-, second-, third-, and fourth-class mail.

Section 201. This section provides that this title may be cited as the "Postal Rate Increase Act, 1958."

Section 202. This section provides increases as follows in the rates of postage for first-class mail.

Subsection (a) provides a 5-cent per ounce rate for nonlocal delivery mail and a 4-cent per ounce rate for local delivery mail. The 5-cent rate will become effective July 1, 1958, but on July 1, 1961, it will revert to 4 cents. At this latter date the local and nonlocal rate will be 4 cents for each ounce. Local delivery mail is defined as—

mail which originates within the delivery limits of a post office for delivery to an addressee located within delivery limits of such office.

It is provided further that—

in large cities with adjacent areas of dense population, having two or more post offices, the Postmaster General may, in his discretion and under such regulations as he may prescribe—

provide by regulation for the delivery of mail mailed at one such office and addressed for delivery to another such office under the local delivery rate.

Subsection (b) increases the rates on post cards, each portion of double post cards, private mailing cards and the rate on drop letters (letters for local delivery at post offices where free delivery by carrier is not established and when they are not collected or delivered by rural or star route carriers) from 2 to 3 cents. An exception retains the 2-cent rate for post and postal cards on which the address and message are wholly in original handwriting.

Subsection (c) increases the rate for airmail letters from 6 to 8 cents an ounce and the rate on airmail post cards from 4 to 5 cents.

Section 203. This section provides increases as follows in the rates for second-class mail.

The second-class pound rates provided in this section apply to that portion of publications addressed for delivery outside the county of publication. The increase on the nonadvertising portion is in 3 annual increments of 10 percent each year, the first of which is effective July 1, 1958. The increase in the advertising portion amounts to 20 percent and it, too, is in 3 annual increments commencing July 1, 1958.

Subsection (b) provides that the rates for certain nonprofit organizations shall be the rate per pound or minimum rate regularly required to be paid on publications generally reduced by 50 percent. It further provides that the rate on religious, scientific, and classroom publications shall be the rate per pound or the minimum rate prescribed for publications generally reduced by 35 percent.

Subsection (c) increases the minimum rate from one-eighth of 1 cent to one-quarter of 1 cent on July 1, 1958, three-eighths of 1 cent on July 1, 1959, and one-half of 1 cent on July 1, 1960. As provided by subsection (b) when the minimum piece rate is applicable to the publications of certain nonprofit organizations and certain publications for classroom use, it shall be reduced by 50 percent. The present piece rate for copies of publications mailed for local delivery at the office of second-class entry will, however, remain in effect.

Subsection (d) changes the transient rate from 2 cents for the first 2 ounces and 1 cent for each additional 2 ounces to 2 cents for the first 2 ounces and 1 cent for each additional ounce.

Subsections (e) and (f) clarify certain ambiguous provisions in the act of March 3, 1879.

Subsection (g) increases the rate on special business publications weighing 8 ounces or less from 10 to 12 cents a pound, and from 11 to 12 cents a pound on such publications weighing over 8 ounces.

Section 204. This section provides increases as follows in rates for third-class mail.

The piece rate on single third-class mailings is increased from 2 cents for the first 2 ounces and 1 cent for each additional ounce, to 3 cents for the first 2 ounces and 1½ cents for each additional ounce. This provides a uniform piece rate on single mailings for all third-class mail. The maximum weight for third-class mail is changed from 8 ounces to weights of less than 16 ounces.

The annual fee for a bulk mailing permit is increased from \$10 to \$20.

The rate on matter mailed in bulk (except books and catalogs) is increased from 14 cents to 16 cents per pound. The minimum rate per piece for bulk mailings is increased from 1½ cents to 2 cents on July 1, 1958, and to 2½ cents on July 1, 1959.

The rate of postage on third-class mail of religious, educational and other nonprofit organizations will be the rates prescribed in this section, except that the minimum charge per piece for matter mailed in bulk by such organizations will be 50 percent of the minimum charge provided in this section.

Section 205. This section provides increases as follows in rates for fourth-class mail.

The rates on books are increased from 8 cents per pound or fraction thereof and 4 cents on each additional pound, to 10 cents for the first pound and 5 cents for each additional pound. Also, the category of items entitled to the book rate is substantially broadened.

The present rate of 4 cents for the first pound and 1 cent for each additional pound for books sent by nonprofit organizations and public

libraries is extended to colleges, universities, and schools. The present restriction of these rates to the third zone is eliminated.

Subsection (c) provides new size and weight limits on fourth-class mail. The subsection provides that the limit of size shall be 84 inches in length and girth combined and not exceeding 40 pounds. The present limitations are 72 inches in length and girth and not exceeding 40 pounds in the first and second zones or 20 pounds in the third to eighth zones. The existing exceptions to these size and weight limits are retained.

Section 206. This section strikes from the law a prohibition which forbids publications from including in their subscription notices information other than the name, place of publication, and subscription price.

Section 207. This section authorizes and directs the Postmaster General to undertake a study of the feasibility and desirability of prescribing standard dimensions for envelopes used to transmit first- and third-class mail. He is also directed to consider whether an additional charge on nonstandard envelopes should be established. His report must be made to the Congress before February 1, 1959.

Section 208. This section provides that the portion of gross receipts, determined by the Postmaster General to be attributable to the increases in postage rates provided by the bill, will not be counted for the purpose of determining the class of office or compensation or allowances to postmasters and other employees. The section contains a savings provision against relegation of a post office to a lower receipts category by reason of this section.

Section 209. This section repeals certain provisions of Public Law 68, the Postal Field Service Reclassification Act. The requirement that step promotions in salary levels 10 and above be granted only by the Postmaster General on the basis of superior performance is repealed. Hereafter, under this section, all step advancements will be automatic upon completion of 52 weeks of satisfactory service.

Section 210. This section provides in effect that the Postmaster General need not seek an increase in fourth-class rates until the costs of the service exceed the revenues by more than 8 percent. This provision does not, however, preclude the Postmaster General from seeking revision when the costs exceed the revenues by less than 8 percent.

Section 211. This section repeals several provisions of law which are obsolete or which are affected by the rate provisions contained in this title. It also repeals the act of June 9, 1930, which requires certification of the estimated amounts of postage that would have been collected on certain free or reduced rate mailings.

The last sentence of section 4 (a) of the Civil Service Retirement Act Amendments of 1956 which prohibits the inclusion of the Post Office Department contribution to the retirement fund as costs for postal ratemaking purposes is also repealed.

Section 212. This section provides effective dates for the various provisions of title II.

TITLE III

This title establishes in the Treasury a trust fund to be known as the postal modernization fund. The Postmaster General will pay into this fund out of postal receipts from first-class mail an amount equal to \$175 million for each of the next 3 fiscal years.

Section 303. This section makes the fund available to the Postmaster General for the purpose of conducting research looking to improved equipment and facilities for the performance of the postal function. The fund is also available for acquiring and constructing buildings and other related property which will more efficiently serve the needs of the postal service for improving existing facilities.

Section 304. This section requires the Secretary of the Treasury to report to the Congress not later than the first of January of each year beginning 1960 on the financial condition of the fund. It is the duty of the Secretary of the Treasury to invest such portion of the fund as is not required to meet current withdrawals in interest-bearing obligations of the United States or in obligations guaranteed as to both principal and interest by the United States.

Section 305. This section requires the Postmaster General to submit to the President each year a detailed report of his activities under this title.

CHANGES IN EXISTING LAW

Compliance with subsection 4 of rule XXIX of the Standing Rules of the Senate has been omitted inasmuch as it is necessary, in the opinion of the committee, to dispense with the requirements of such subsection to expedite the business of the Senate.



[Report No. 1321]

AUGUST 14, 1957

FEBRUARY 24, 1958

[Strike out all after the enacting clause and insert the part printed in italic]

To readjust postal rates and to establish a congressional policy for the determination of postal rates, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 ~~GENERAL STATEMENT~~

4 In the light of the findings in title II of this Act and
5 information received by the Congress with respect to postal
6 activities, revenues, and expenses, the Congress recognizes
7 that—

8 ~~(1)~~ adjustments in presently existing postal rates
9 and fees are necessary and desirable in order that, to
10 the extent consistent with the public interest and the

1 policies in title II of this Act, postal revenues will
 2 more nearly equal postal expenses and postal service
 3 will be improved; and

4 ~~(2)~~ it is necessary and desirable in the public
 5 interest that the Congress establish a definite, affirmative,
 6 and integrated policy with respect to postal activities,
 7 revenues, and expenses which will serve as a guide in
 8 the determination and adjustment by the Congress,
 9 from time to time, of the postal-rate structure.

10 TITLE I—POSTAL RATE INCREASES

11 SHORT TITLE

12 SEC. 101. This title may be cited as the "Postal Rate
 13 Increase Act, 1957."

14 FIRST-CLASS MAIL

15 SEC. 102. ~~(a)~~ That part of the first section of the Joint
 16 Resolution of June 30, 1947 (61 Stat. 213; 39 U. S. C.
 17 280), which precedes the proviso, is amended by striking
 18 out "3 cents" and inserting in lieu thereof "4 cents".

19 ~~(b)~~ Section 1 of the Act of October 30, 1951 (65 Stat.
 20 672; 39 U. S. C. 280), as amended, is further amended—

21 ~~(1)~~ by striking out "2 cents" wherever appearing
 22 in subsection ~~(a)~~ and inserting in lieu thereof "3 cents";
 23 and

24 ~~(2)~~ by striking out "2 cents" in subsection ~~(b)~~
 25 and inserting in lieu thereof "3 cents".

DOMESTIC AIRMAIL

SEC. 103. Section 201 of the Postal Rate Revision and Federal Employees Salary Act of 1948 (62 Stat. 1261; 39 U. S. C. 463a) is amended—

(1) by striking out “6 cents” in the first sentence and inserting in lieu thereof “7 cents”; and

(2) by striking out “4 cents” in the second sentence and inserting in lieu thereof “5 cents”.

SECOND-CLASS MAIL

SEC. 104. (a) Section 2 (a) of the Act of October 30, 1951 (65 Stat. 672; 39 U. S. C. 289a), is amended by inserting immediately before the colon which precedes the first proviso the following: “, and (4) such postage is further adjusted to the amounts set forth in the following table, on the dates specified:

	Effective October 1, 1957 (cents per pound, or fraction thereof)	Effective July 1, 1958 (cents per pound, or fraction thereof)	Effective July 1, 1959 (cents per pound, or fraction thereof)	Effective July 1, 1960 (cents per pound, or fraction thereof)
A publication having not more than 5 per centum of its space devoted to advertisements, and that portion of other publications devoted to matter other than advertisements-----	2.2	2.5	2.8	3.1
Advertising portion of a publication having more than 5 per centum of its space devoted to advertisements:				
First and second zones-----	2.2	2.5	2.8	3.1
Third zone-----	3.0	3.4	3.8	4.2
Fourth zone-----	4.5	5.1	5.7	6.2
Fifth zone-----	6.0	6.8	7.5	8.3
Sixth zone-----	7.5	8.4	9.4	10.4
Seventh zone-----	9.0	10.1	11.3	12.5
Eighth zone-----	10.5	11.8	13.2	14.6”

1 The adjustment in postage contained in the amendment made
2 by this subsection shall not apply to any issue of a newspaper
3 with respect to which issue the entire press run consists of
4 five thousand copies or less and the rate or rates of postage,
5 as in effect immediately prior to the date of enactment of
6 this Act, for the mailing of any issue of any newspaper to
7 which this sentence applies shall remain in effect until other-
8 wise provided by Congress.

9 ~~(b)~~ Section 2 ~~(c)~~ of such Act of October 30, 1951,
10 is amended by striking out "one-eighth of 1 cent" and in-
11 serting in lieu thereof "one-fourth of 1 cent, except that
12 ~~(1)~~ the postage on each individually addressed copy mailed
13 by the organizations listed, and for the purposes prescribed
14 in the second and third provisos of subsection ~~(a)~~ of this
15 section, and each individually addressed copy of a publication
16 of the second class addressed for delivery within the county
17 and not entitled to the free-in-county mailing privilege, shall
18 not be less than one-eighth of 1 cent, and ~~(2)~~ the per copy
19 rates prescribed for publications covered by section 25 of
20 the Act of March 3, 1879, as amended (39 U. S. C. 286),
21 are continued".

22 ~~(c)~~ Section 2 ~~(d)~~ of such Act of October 30, 1951, is
23 amended by striking out "1 cent" and inserting in lieu thereof
24 "1½ cents".

25 ~~(d)~~ Section 2 of such Act of October 30, 1951, is

1 amended by adding at the end of such section the following
2 new subsection:

3 “(e) If, at any time during any Post Office Depart-
4 ment fiscal year, beginning with the fiscal year ending June
5 30, 1958, the costs incurred by the Post Office Department
6 (as ascertained under the cost ascertainment system of such
7 Department) in connection with the mailings of any user
8 at rates provided in subsections (a) and (d) of this section
9 exceed by \$100,000 the revenues received by such Depart-
10 ment (as ascertained under such cost ascertainment system)
11 in connection with such mailings of such user, the Postmaster
12 General shall fix and determine, for the remainder of such
13 fiscal year, the rates for such mailings of such user on a
14 basis which will effect, as nearly as may be practicable, the
15 equalization, during the remainder of such year, of the
16 revenues received, and the costs incurred, by the Post Office
17 Department in connection with such mailings of such user.
18 From and after the beginning of the Post Office Department
19 fiscal year immediately following the fiscal year in which
20 rates for such mailings of such user are made effective by
21 action of the Postmaster General under this subsection, the
22 rates of such mailings of such user shall be as provided in
23 subsections (a) and (d) of this section, subject to the
24 application of this subsection. This subsection shall not
25 apply to any organization, association, newspaper, periodical,

1 or publication within the purview of the second or third
 2 proviso of subsection (a) of this section and publications
 3 mailed by others than publishers or authorized news agents.”

4 CONTROLLED CIRCULATION PUBLICATIONS

5 SEC. 105. Section 203 of the Postal Rate Revision and
 6 Federal Employees Salary Act of 1948 (62 Stat. 1262;
 7 39 U. S. C. 291b), is amended—

8 (1) by striking out “10 cents a pound or fraction
 9 thereof” and inserting in lieu thereof “12 cents a pound
 10 or fraction thereof regardless of the weight of the indi-
 11 vidual copies”; and

12 (2) by adding at the end thereof a new sentence
 13 reading “The rates provided in this section shall remain
 14 in effect until otherwise provided by Congress.”

15 THIRD-CLASS MAIL

16 SEC. 106. Section 3 of the Act of October 30, 1951
 17 (65 Stat. 673; 39 U. S. C. 290a-1), is amended—

18 (1) in that part of such section which precedes the
 19 first proviso—

20 (A) by striking out “2 cents” wherever ap-
 21 pearing therein and inserting in lieu thereof “3
 22 cents”;

23 (B) by striking out “1 cent” and inserting in
 24 lieu thereof “1½ cents”; and

(C) by striking out "1½ cents for each additional two ounces or fraction thereof" and inserting in lieu thereof "1 cent for each additional ounce or fraction thereof";

(2) in the first proviso contained in such section, by striking out "\$10" and inserting in lieu thereof "\$20";

(3) in the second proviso contained in such section—

(A) by striking out "14 cents" and inserting in lieu thereof "16 cents";

(B) by striking out "1 cent" wherever appearing therein and inserting in lieu thereof "2½ cents"; and

(C) by striking out "10 cents" and inserting in lieu thereof "12 cents";

(4) by striking out the third proviso contained in such section; and

(5) in the fourth proviso contained in such section, by striking out "3 cents" and inserting in lieu thereof "5 cents".

FOURTH-CLASS MAIL

SEC. 107. Section 204 (d) and (e) of the Postal Rate Revision and Federal Employees Salary Act of 1948 (62

1 Stat. 1262), as amended (~~39 U. S. C. 292a (d) and (e)~~),
2 are amended to read as follows:

3 “(~~d~~) The following materials when in parcels not ex-
4 ceeding seventy pounds in weight may be sent at the postage
5 rate of 10 cents for the first pound or fraction thereof and 5
6 cents for each additional pound or fraction thereof, and this
7 rate shall continue until otherwise provided by the Congress:
8 ~~(1)~~ books permanently bound for preservation consisting
9 wholly of reading matter or scholarly bibliography or reading
10 matter with incidental blank spaces for students' notations
11 and containing no advertising matter other than incidental
12 announcements of books; ~~(2)~~ sixteen millimeter films and
13 sixteen-millimeter film catalogs except when sent to com-
14 mercial theaters; ~~(3)~~ printed music whether in bound form
15 or in sheet form; ~~(4)~~ printed objective test materials and
16 accessories thereto used by or in behalf of educational institu-
17 tions in the testing of ability, aptitude, achievement, interests,
18 and other mental and personal qualities with or without
19 answers, test scores, or identifying information recorded
20 thereon in writing or by mark; and ~~(5)~~ manuscripts for
21 books, periodical articles, and music.

22 “(~~e~~) ~~(1)~~ The following materials when in parcels not
23 exceeding seventy pounds in weight when loaned or ex-
24 changed between ~~(A)~~ schools, colleges, or universities and
25 ~~(B)~~ public libraries, religious, educational, scientific, philan-

1 thropic, agricultural, labor, veterans, or fraternal organiza-
2 tions or associations not organized for profit and none of the
3 net income of which inures to the benefit of any private stock-
4 holder or individual, or between such organizations and their
5 members or readers or borrowers, shall be charged with post-
6 age at the rate of 4 cents for the first pound or fraction
7 thereof and 1 cent for each additional pound or fraction
8 thereof, except that the rates now or hereafter prescribed for
9 third- or fourth-class matter shall apply in every case where
10 such rate is lower than the rate prescribed in this subsection,
11 and this rate shall continue until otherwise provided by the
12 Congress: (i) books consisting wholly of reading matter or
13 scholarly bibliography or reading matter with incidental
14 blank spaces for students' notations and containing no adver-
15 tising matter other than incidental announcements of books;
16 (ii) printed music, whether in bound form or in sheet form;
17 (iii) bound volumes of academic theses in typewritten or
18 other duplicated form and bound volumes of periodicals; and
19 (iv) other library materials in printed, duplicated, or photo-
20 graphic form or in the form of unpublished manuscripts.

21 “(2) The rate provided in paragraph (1) for books
22 may apply to sixteen-millimeter films, filmstrips, transparen-
23 cies for projection and slides, microfilms, sound recordings,
24 and catalogs of such materials when sent in parcels not ex-

1 exceeding seventy pounds in weight to or from ~~(A)~~ schools,
 2 colleges, or universities and ~~(B)~~ public libraries, religious,
 3 educational, scientific, philanthropic, agricultural, labor, vet-
 4 erans, or fraternal organizations or associations, not organized
 5 for profit and none of the net income of which inures to the
 6 benefit of any private stockholder or individual.

7 “~~(3)~~ Public libraries, organizations, or associations,
 8 before being entitled to the rates specified in paragraphs
 9 ~~(1)~~ and ~~(2)~~ of this subsection, shall furnish to the Post-
 10 master General, under such regulations as he may prescribe,
 11 satisfactory evidence that none of their net income inures to
 12 the benefit of any private stockholder or individual.”

13 DETERMINATION OF CLASS OF POST OFFICE AND COMPEN-
 14 SATION OF POSTMASTER AND CERTAIN EMPLOYEES

15 SEC. 108. Eighty-two per centum of the gross postal
 16 receipts of all classes of post offices accruing on or after
 17 the effective date of the rate of postage prescribed by section
 18 102 ~~(a)~~ of this Act shall be counted for the purpose of
 19 determining the classes of the respective post offices and the
 20 compensation and allowances of postmasters and other em-
 21 ployees whose compensation or allowances are based on the
 22 annual gross receipts of such post offices. Nothing contained
 23 in this section shall operate to relegate a post office to a class
 24 or receipts category below the class or receipts category to
 25 which such post office may be assigned on the basis of gross

1 postal receipts accruing during the last complete calendar
2 year prior to the effective date of the rate of postage pre-
3 scribed by section 102 (a), of this Act or, in the case of a
4 newly established post office, on the basis of gross postal re-
5 ceipts accruing during the last full quarter prior to the
6 effective date of the rate of postage prescribed by such section
7 102 (a).

8 REPEALS

9 SEC. 109. The last sentence of section 4 (a) of the Civil
10 Service Retirement Act as contained in the Civil Service Re-
11 tirement Act Amendments of 1956 (70 Stat. 747) is
12 hereby repealed, and hereafter the amounts contributed by
13 the Post Office Department to the civil service retirement
14 and disability fund in compliance with such section 4 (a) of
15 the Civil Service Retirement Act shall be considered as costs
16 of providing postal service for the purpose of establishing
17 postal rates.

18 CONDITIONS PRECEDENT TO WITHDRAWAL FROM GENERAL

19 FUND OF TREASURY

20 SEC. 110. That part of the paragraph under the heading
21 "General Provisions" under the appropriations for the Post
22 Office Department contained in chapter IV of the Supple-
23 mental Appropriation Act, 1951 (64 Stat. 1050; 31 U. S.
24 C. 695), which precedes the proviso is amended by striking
25 out "the receipt of revenue from fourth-class mail service

1 sufficient to pay the cost of such service” and inserting in
 2 lieu thereof “~~(1)~~ that the revenues from fourth-class mail
 3 service will not exceed by more than 1 per centum the
 4 costs thereof and ~~(2)~~ that the costs of such fourth-class
 5 mail service will not exceed by more than 1 per centum
 6 the revenues therefrom”.

7 EFFECTIVE DATES

8 SEC. 111. ~~(a)~~ The rates of postage prescribed by this
 9 title, except those prescribed in section 104 ~~(a)~~, shall be-
 10 come effective on October 1, 1957.

11 ~~(b)~~ The rates of postage prescribed by section 104 ~~(a)~~
 12 of this title shall become effective as provided in such section
 13 104 ~~(a)~~.

14 ~~(c)~~ The fee prescribed by section 106 ~~(2)~~ of this title
 15 shall become effective on January 1, 1958.

16 ~~(d)~~ Section 109 of this title shall become effective as of
 17 the effective date of the Civil Service Retirement Act
 18 Amendments of 1956.

19 TITLE II—POSTAL RATE POLICY

20 SHORT TITLE

21 SEC. 201. This title may be cited as the “Postal Rate
 22 Policy Act”.

23 FINDINGS

24 SEC. 202. The Congress hereby finds that—

25 ~~(1)~~ the postal establishment was created to unite

1 more closely the American people, to promote the gen-
2 eral welfare, and to advance the national economy;

3 (2) the postal establishment has been extended
4 and enlarged through the years into a nationwide net-
5 work of services and facilities for the communication
6 of intelligence, the dissemination of information, the
7 advancement of education and culture, and the distribu-
8 tion of articles of commerce and industry;

9 (3) the development and expansion of these
10 several elements of postal service, under authorization
11 by the Congress, have been the impelling force in the
12 origin and growth of many and varied business, com-
13 mercial, and industrial enterprises which contribute
14 materially to the national economy and the public wel-
15 fare and which depend upon the continuance of these
16 elements of postal service;

17 (4) historically and as a matter of public policy
18 there have evolved, in the operations of the postal
19 establishment authorized by the Congress, certain
20 recognized and accepted relationships among the several
21 classes of mail. It is clear also, from the continued
22 expansion of the postal service and the authorization of
23 certain services rendered or facilities provided at a
24 calculated loss to the Government, that the postal estab-
25 lishment performs some functions in which the public

1 interest outweighs the profit and loss factors which
2 would prevail if the postal establishment were operated
3 solely as a business enterprise;

4 ~~(5)~~ the postal establishment should be operated
5 in a businesslike manner but clearly is not a commercial
6 enterprise conducted for profit and it would be an unfair
7 burden upon users of the mails to compel them to under-
8 write those expenses incurred by the postal establish-
9 ment which are not related to the postal services they
10 receive;

11 ~~(6)~~ Notwithstanding the need for all users of the
12 mails to be informed with reasonable certainty of the
13 postal rates and fees which will be imposed upon them,
14 the Congress heretofore has not laid down a firm policy
15 ~~(except for fourth-class mail and certain special services~~
16 ~~authorized by law)~~ with respect to the identification
17 and evaluation of those services rendered by the postal
18 establishment in whole or in part for the benefit of
19 the general public and those services which inure in
20 whole or in part to the benefit of certain users of the
21 mails; and

22 ~~(7)~~ the public interest and the increasing com-
23 plexity of the social and economic fabric of the Nation
24 require an immediate, clear, and affirmative declaration
25 of congressional policy for the creation and maintenance

1 of a sound and equitable postal-rate structure which will
2 assure efficient service, produce adequate postal revenues,
3 and stand the test of time.

4 DECLARATION OF POLICY

5 SEC. 203. (a) The Congress hereby emphasizes, re-
6 affirms, and restates its function under the Constitution of
7 the United States of forming postal policy.

8 (b) It is hereby declared to be the policy of the Con-
9 gress, as set forth in this title—

10 (1) to provide a more stable basis for the postal-
11 rate structure through the establishment of general
12 principles, standards, and related requirements with
13 respect to the determination and allocation of postal
14 revenues and expenses; and

15 (2) in accordance with these general principles,
16 standards, and related requirements, to provide a means
17 by which the postal-rate structure may be fixed and
18 adjusted by action of the Congress, from time to time,
19 as the public interest may require, in the light of
20 periodic reviews of the postal-rate structure, periodic
21 studies and surveys of expenses and revenues, and peri-
22 odic reports and recommendations, required to be made
23 by the Postmaster General as provided by section 206
24 of this title, on the basis of the cost ascertainment
25 system.

1 ~~(c)~~ The general principles, standards, and related re-
2 quirements referred to in subsection ~~(b)~~ of this section are
3 as follows:

4 ~~(1)~~ In the determination and adjustment of the
5 postal-rate structure, due consideration should be given
6 to—

7 ~~(A)~~ the preservation of the inherent advan-
8 tages of the postal service in the promotion of social,
9 cultural, intellectual, and commercial intercourse
10 among the people of the United States,

11 ~~(B)~~ the development and maintenance of a
12 postal service adapted to the present needs, and
13 adaptable to the future needs, of the people of the
14 United States,

15 ~~(C)~~ the promotion of adequate, economical,
16 and efficient postal service at reasonable and equi-
17 table rates and fees,

18 ~~(D)~~ the effect of postal services and the im-
19 pact of postal rates and fees on users of the mails,

20 ~~(E)~~ the requirements of the postal establish-
21 ment with respect to the manner and form of prepa-
22 ration and presentation of mailings by the users of
23 the various classes of mail service,

24 ~~(F)~~ the value of mail,

25 ~~(G)~~ the value of time of delivery of mail, and

1 ~~(H)~~ the quality and character of the service
2 rendered in terms of priority, secrecy, security,
3 speed of transmission, use of facilities and man-
4 power, and other pertinent service factors.

5 ~~(2)~~ The acceptance, transportation, and delivery of
6 first-class mail constitutes a preferred service of the
7 postal establishment and, therefore, the postage for first-
8 class mail should be sufficient to cover ~~(A)~~ the entire
9 amount of the expenses allocated to first-class mail in
10 the manner provided by this title and ~~(B)~~ an additional
11 amount representing the fair value of all extraordinary
12 and preferential services, facilities, and factors relating
13 thereto.

14 ~~(3)~~ Those services, elements of service, and facili-
15 ties rendered and provided by the postal establishment
16 in accordance with law, including services having public
17 service aspects, which, in whole or in part, are held
18 and considered by the Congress from time to time to be
19 public services for the purposes of this title shall be
20 administered on the following basis:

21 ~~(A)~~ the sum of such public service items
22 should be assumed directly by the Federal Govern-
23 ment and paid directly out of the general fund of
24 the Treasury and should not constitute direct charges

1 in the form of rates and fees upon any user or
2 class of users of such public services, or of the mails
3 generally, and

4 ~~(B)~~ nothing contained in any provision of this
5 title should be construed as indicating any intention
6 on the part of the Congress ~~(i)~~ that such public
7 services, or any of them, should be limited or re-
8 stricted or ~~(ii)~~ to derogate in any way from the
9 need and desirability thereof in the public interest.

10 ~~(4)~~ For the purpose of the determination and ad-
11 justment of the postal-rate structure in the manner pro-
12 vided by this title and by section 207 of the Act of
13 February 28, 1925, as amended ~~(39 U. S. C., sec.~~
14 ~~247)~~, and section 12 of the Act of October 30, 1954
15 ~~(39 U. S. C., sec. 246f)~~, the postal rates shall be ad-
16 justed from time to time so that the total amount of the
17 adjusted revenues shall be more nearly equal to the
18 total amount of the expenses, both as determined in
19 the manner provided by this title.

20 AUTHORIZATION OF APPROPRIATED FUNDS

21 SEC. 204. There is hereby authorized to be appropriated
22 to the revenues of the Post Office Department for each fiscal
23 year from any money in the Treasury not otherwise appro-
24 priated an amount equal to the sum of the public service
25 items referred to in section 203 ~~(c)~~ ~~(3)~~. Such appropria-

tions shall be available to enable the Postmaster General to pay in to postal revenues at quarterly or other intervals such amounts as he shall determine to be necessary to reimburse the Post Office Department for such expenses and losses of revenue.

APPLICATION OF COST ASCERTAINMENT SYSTEM

SEC. 205. (a) For the purposes of this title, revenues and expenses shall be determined and ascertained, and each allocation and apportionment with respect thereto shall be made, upon the basis of the cost ascertainment system, to the extent not otherwise indicated in this title.

(b) Nothing in this title shall be construed to affect the cost ascertainment system or any authority, power, duty, or procedure of the Postmaster General or of the postal establishment generally, except to the extent necessary to carry out this title.

REVIEWS, STUDIES, SURVEYS, REPORTS, AND RECOM-

MENDATIONS OF POSTMASTER GENERAL

SEC. 206. (a) The Postmaster General is authorized and directed to initiate and conduct, through the facilities of the postal establishment, either on a continuing basis or from time to time, as he deems advisable, but not less often than every two years, a review of the postal-rate structure and a study and survey of the expenses incurred and the revenues received in connection with the several classes of

1 mail, and the various classes and kinds of services and facili-
2 ties provided by the postal establishment, in order to de-
3 termine, on the basis of such review, study, and survey for
4 each class and kind of service or facility provided by the
5 postal establishment, the need for adjustment of postal rates
6 and fees in the manner provided by this title.

7 ~~(b)~~ The Postmaster General shall submit to the Senate
8 and the House of Representatives not later than April 15
9 of each alternate fiscal year, beginning with the fiscal year
10 ending June 30, 1959, a report of the results of the review,
11 study, and survey conducted pursuant to subsection ~~(a)~~ of
12 this section. Such report shall include —

13 ~~(1)~~ information with respect to expenses and reve-
14 nues which is pertinent to the allocation of expenses and
15 the determination and adjustment of postal rates and
16 fees in the manner provided by this title,

17 ~~(2)~~ such other information as is necessary to en-
18 able the Congress, or as may be required by the Con-
19 gress or an appropriate committee thereof, to carry out
20 the purposes of this title, and

21 ~~(3)~~ such recommendations as the Postmaster Gen-
22 eral deems appropriate.

1 CONGRESSIONAL ACTION PREREQUISITE TO ADJUSTMENTS
2 IN POSTAGE RATES AND FEES

3 SEC. 207. Except as otherwise provided by law, nothing
4 in this title shall be construed to authorize any change, ad-
5 justment, or revision with respect to any postal rate or fee,
6 except by further action of the Congress.

7 DEFINITIONS

8 SEC. 208. (a) For the purposes of this title, the term—

9 (1) “cost ascertainment system” means the cost
10 ascertainment system (including the principles and
11 standards thereof) utilized by the Post Office Depart-
12 ment (39 U. S. C., sec. 826) for the ascertainment
13 and allocation of expenses and revenues of the postal
14 service, as in effect from time to time, to the extent con-
15 sistent with this title;

16 (2) “revenues” and “costs”, whether applied to the
17 total postal operation or to the mail classes or services,
18 shall have the same meaning as when used in the Cost
19 Ascertainment Report, and the terms “costs” and “ex-
20 penses” shall be synonymous; and

21 (3) “adjusted revenues”, whether applied to the
22 total postal operations or to the mail classes and services,

1 shall mean the revenues, increased by the sums author-
 2 ized under section 204 to be appropriated to the Post
 3 Office Department for the public service items referred
 4 to in section 203 (c) (3).

5 (b) Whenever reference is made in this title, or in any
 6 other law or regulation in connection with this title, to any
 7 of the several classes of mail and services, such reference
 8 shall have the same meaning as when used in the Cost Ascer-
 9 tainment Report, except that first-class mail shall include
 10 domestic air mail other than air parcel post.

11 TITLE I—POSTAL POLICY

12 SHORT TITLE

13 SEC. 101. This title may be cited as the "Postal Policy
 14 Act of 1958".

15 FINDINGS

16 SEC. 102. The Congress hereby finds that—

17 (1) the postal establishment was created to unite
 18 more closely the American people, to promote the gen-
 19 eral welfare, and to advance the national economy;

20 (2) the postal establishment has been extended and
 21 enlarged through the years into a nationwide network
 22 of services and facilities for the communication of intelli-
 23 gence, the dissemination of information, the advancement
 24 of education and culture, and the distribution of articles
 25 of commerce and industry. Furthermore, the Congress

1 *has encouraged the use of these broadening services and*
2 *facilities through reasonable and, in many cases, special*
3 *postal rates;*

4 *(3) the development and expansion of these several*
5 *elements of postal service, under authorization by the*
6 *Congress, have been the impelling force in the origin*
7 *and growth of many and varied business, commercial,*
8 *and industrial enterprises which contribute materially*
9 *to the national economy and the public welfare and*
10 *which depend upon the continuance of these elements of*
11 *postal service;*

12 *(4) historically and as a matter of public policy*
13 *there have evolved, in the operations of the postal*
14 *establishment authorized by Congress, certain recognized*
15 *and accepted relationships among the several classes of*
16 *mail. It is clear, from the continued expansion of the*
17 *postal service and from the continued encouragement by*
18 *the Congress of the most widespread use thereof, that*
19 *the postal establishment performs many functions and*
20 *offers its facilities to many users on a basis which can*
21 *only be justified as being in the interest of the national*
22 *welfare;*

23 *(5) while the postal establishment, as all other*
24 *Government agencies, should be operated in an efficient*
25 *manner, it clearly is not a business enterprise conducted*

1 *and efficient postal service at reasonable and equi-*
2 *table rates and fees;*

3 *(D) the effect of postal services and the impact*
4 *of postal rates and fees on users of the mails;*

5 *(E) the requirements of the postal establish-*
6 *ment with respect to the manner and form of prep-*
7 *aration and presentation of mailings by the users of*
8 *the various classes of mail service;*

9 *(F) the value of mail;*

10 *(G) the value of time of delivery of mail; and*

11 *(H) the quality and character of the service*
12 *rendered in terms of priority, secrecy, security,*
13 *speed of transmission, use of facilities and man-*
14 *power, and other pertinent service factors.*

15 *(2) The collection, transportation, and delivery of*
16 *first-class mail is the primary function of the postal*
17 *establishment. The cost of first-class mail shall be (A)*
18 *the entire amount of the expenses allocated to first-*
19 *class mail in the manner provided by this title plus (B)*
20 *an amount determined to be the fair value of all extraor-*
21 *dinary and preferential services, specially designed*
22 *facilities, and other factors relating thereto. The costs*
23 *of other classes of mail and special services (except the*
24 *fourth-class mail) shall be computed on an incremental*
25 *or "out of pocket" cost basis.*

26 *(3) Those services, elements of service, and facili-*

ties rendered and provided by the postal establishment in accordance with law, including services having public service aspects, which, in whole or in part, are held and considered by the Congress from time to time to be public services for the purposes of this title shall be administered on the following basis:

(A) the sum of such public service items as determined by Congress should be assumed directly by the Federal Government and paid directly out of the general fund of the Treasury and should not constitute direct charges in the form of rates and fees upon any user or class of users of such public services, or of the mails generally; and

(B) nothing contained in any provision of this title should be construed as indicating any intention on the part of the Congress (i) that such public services, or any of them, should be limited or restricted or (ii) to derogate in any way from the need and desirability thereof in the public interest.

(4) For the purpose of the determination and adjustment of the postal-rate structure, postal rates and fees shall be adjusted from time to time so that the total amount of all postal revenues shall be approximately equal to the total amount of the nonpublic service expenses incurred by the postal establishment.

1 IDENTIFICATION OF AND APPROPRIATIONS FOR PUBLIC
2 SERVICES

3 SEC. 104. (a) The following shall be considered to be
4 public services for the purposes of this title—

5 (1) the total loss resulting from the transmission of
6 matter in the mails free of postage or at reduced rates
7 of postage as provided by statute, including the follow-
8 ing:

9 (A) subsection (a) (3) of section 5 of the Act
10 of June 23, 1874, as amended (U. S. C., title 39,
11 sec. 283 (a) (3)), relating to reduced rate of
12 postage on newspapers or periodicals of certain
13 nonprofit organizations;

14 (B) sections 5 and 6 of the Act of March 3,
15 1877, as amended (U. S. C., title 39, sec. 321),
16 relative to certain matter sent free through the
17 mails;

18 (C) section 25 of the Act of March 3, 1879,
19 as amended (U. S. C., title 39, sec. 286), and sub-
20 section (b) of section 2 of the Act of October 30,
21 1951 (U. S. C., title 39, sec. 289a (b)), relating to
22 free-in-county mailing privileges;

23 (D) the Act of April 27, 1904, as amended

(U. S. C., title 39, sec. 331), relating to free postage and reduced postage rates on reading matter and other articles for the blind;

(E) the Act of February 14, 1929 (U. S. C., title 39, sec. 336), granting free mailing privileges to the diplomatic corps of the countries of the Pan American Postal Union;

(F) the Act of April 15, 1937 (U. S. C., title 39, sec. 293c), granting reduced rates to publications for use of the blind;

(G) the Act of June 29, 1940 (U. S. C., title 39, sec. 321-1), granting free mailing privileges to the Pan American Sanitary Bureau;

(H) the Act of May 7, 1945 (59 Stat. 707), and other provisions of law, granting free mailing privileges to individuals;

(I) the second and third provisos of subsection (a) of section 2 of the Act of October 30, 1951 (U. S. C., title 39, sec. 289a, subsec. (a)), granting reduced second-class postage rates to certain organizations;

(J) the fifth proviso of section 3 of the Act

1 *of October 30, 1951 (U. S. C., title 39, sec.*
2 *290a-1), granting reduced third-class postage rates*
3 *to certain organizations;*

4 *(K) section 302 of the Federal Voting Assist-*
5 *ance Act of 1955 (U. S. C., title 5, sec. 2192),*
6 *granting free postage, including free airmail post-*
7 *age, to post cards, ballots, voting instructions, and*
8 *envelopes transmitted in the mails under authority*
9 *of the Federal Voting Assistance Act of 1955; and*

10 *(L) section 204 (d) and (e) of the Act*
11 *of July 3, 1948, as amended (U. S. C., title 39, sec.*
12 *292a (d)-(e)), and as further amended by section*
13 *205 of this Act, granting reduced fourth-class post-*
14 *age rates for books, films, recordings, and related*
15 *materials for educational use;*

16 *(2) the loss resulting from the operation of such*
17 *public welfare postal services as the star route system,*
18 *rural free delivery, third and fourth class post offices;*

19 *(3) the loss incurred in performing nonpostal serv-*
20 *ices, such as the sale of documentary stamps for the*
21 *Department of the Treasury;*

22 *(4) the loss incurred in performing special services*
23 *such as cash on delivery, insured mail, special delivery,*
24 *and money orders;*

1 (5) the cost of the free handling of registered mail
2 for the post office and other Federal agencies;

3 (6) the cost of transportation subsidies borne by
4 the postal establishment in compliance with or resulting
5 from the nonenforcement of Federal statutes;

6 (7) the additional cost of transporting United
7 States mail by foreign air carriers at a Universal Postal
8 Union rate in excess of the rate prescribed for United
9 States carriers; and

10 (8) other services provided in the interests of the
11 public welfare, the costs of which exceed revenues
12 therefrom.

13 (b) There is hereby authorized to be appropriated to
14 the revenues of the Post Office Department for each fiscal
15 year from any money in the Treasury not otherwise appro-
16 priated an amount, which shall be deemed to be attributable
17 to the public services enumerated under subsection (a) of
18 this section, equal to 15 per centum of the total estimated
19 expenditures of the Post Office Department for such year.
20 Such appropriations shall be available to enable the Post-
21 master General to pay in to postal revenues at quarterly or
22 other intervals such sums as may be necessary to reimburse
23 the Post Office Department for such amount attributable to
24 public services.

1 REVIEWS, STUDIES, SURVEYS, REPORTS, AND RECOMMEN-
2 DATIONS OF POSTMASTER GENERAL

3 *SEC. 105. (a) The Postmaster General is authorized*
4 *and directed to initiate and conduct, through the facilities of*
5 *the postal establishment, either on a continuing basis or*
6 *from time to time, as he deems advisable, but not less often*
7 *than every two years, a review of the postal-rate structure*
8 *and a study and survey of the expenses incurred and the*
9 *revenues received in connection with the several classes*
10 *of mail, and the various classes and kinds of services and*
11 *facilities provided by the postal establishment, in order to*
12 *determine, on the basis of such review, study, and survey for*
13 *each class and kind of service or facility provided by the*
14 *postal establishment, the need for adjustment of postal rates*
15 *and fees in accordance with the policy set forth in this title.*

16 *(b) The Postmaster General shall submit to the Senate*
17 *and the House of Representatives not later than April 15*
18 *of each alternate fiscal year, beginning with the fiscal year*
19 *ending June 30, 1960, a report of the results of the review,*
20 *study, and survey conducted pursuant to subsection (a) of*
21 *this section. Such report shall include—*

22 *(1) information with respect to expenses and reve-*
23 *nues which is pertinent to the allocation of expenses and*
24 *the determination and adjustment of postal rates and*
25 *fees in accordance with the policy set forth in this title;*

(2) such other information as is necessary to enable the Congress, or as may be required by the Congress or an appropriate committee thereof, to carry out the purposes of this title.

TITLE II—POSTAL RATE INCREASES

SHORT TITLE

SEC. 201. This title may be cited as the "Postal Rate Increase Act, 1958".

FIRST-CLASS MAIL

SEC. 202. (a) The first section of the joint resolution of June 30, 1947 (61 Stat. 213; 39 U. S. C. 280), is amended (1) by striking out "3 cents for each ounce or fraction thereof" in that part which precedes the proviso, and by inserting in lieu thereof "5 cents for each ounce or fraction thereof when mailed for nonlocal delivery prior to July 1, 1961, and 4 cents for each ounce or fraction thereof when mailed for nonlocal delivery on or after July 1, 1961, or when mailed for local delivery," and (2) by adding at the end thereof the following new paragraph:

"For the purposes of this section 'mailed for local delivery' shall include mail which originates within the delivery limits of a post office for delivery to an addressee located within the delivery limits of such post office. In large cities with adjacent areas of dense population having two or more post offices, the Postmaster General may, in his discretion

1 *and under such regulations as he may prescribe, regard any*
2 *first-class matter mailed at one of such offices and addressed*
3 *for delivery at another of such offices as matter 'mailed for*
4 *local delivery'."*

5 (b) *Section 1 of the Act of October 30, 1951 (65 Stat.*
6 *672; 39 U. S. C. 280), as amended, is further amended—*

7 (1) *by striking out "2 cents" wherever appearing*
8 *in subsection (a) and inserting in lieu thereof "3 cents";*
9 *and*

10 (2) *by striking out "2 cents" in subsection (b) and*
11 *inserting in lieu thereof "3 cents".*

12 (3) *by adding at the end of such section a new*
13 *subsection as follows:*

14 "(c) *Notwithstanding the provisions of subsection (a),*
15 *the rate of postage on any single postal card or private*
16 *mailing or post card conforming to the conditions prescribed*
17 *by the Act of May 19, 1898, shall be 2 cents if the address*
18 *and any message on such card are wholly in original hand-*
19 *writing. For the purpose of this subsection, the term 'hand-*
20 *writing' shall not include typewritten matter, any matter*
21 *which is a reproduction or imitation of handwriting pre-*
22 *pared by mechanical, photographic, or other process, or any*
23 *matter, whether or not handwritten, which is attached to any*
24 *such card. The Postmaster General may, by appropriate*

1 regulation, provide for the preparation and sale of postal
 2 cards of a distinctive color for transmission at the rate pre-
 3 scribed by this subsection.”

4 (c) Section 201 of the Postal Rate Revision and
 5 Federal Employees Salary Act of 1948 (62 Stat. 1261;
 6 39 U. S. C. 463a) is amended—

7 (1) by striking out “6 cents” in the first sentence
 8 and inserting in lieu thereof “8 cents”; and

9 (2) by striking out “4 cents” in the second sentence
 10 and inserting in lieu thereof “5 cents”.

11 SECOND-CLASS MAIL

12 SEC. 203. (a) Section 2 (a) of the Act of October
 13 30, 1951 (65 Stat. 672; 39 U. S. C. 289a), is amended
 14 by striking out the word “and” preceding clause (3) and
 15 by inserting immediately before the colon which precedes
 16 the first proviso a comma and the following: “and (4) such
 17 postage is further adjusted to the amounts set forth in the
 18 following table, on the dates specified:

	July 1, 1958 (cents per pound or fraction thereof)	July 1, 1959 (cents per pound or fraction thereof)	July 1, 1960 (cents per pound or fraction thereof)
Nonadvertising portion-----	2. 1	2. 3	2. 5
Advertising portion:			
First and second zones-----	2. 2	2. 6	3. 0
Third zone-----	3. 0	3. 5	4. 0
Fourth zone-----	4. 5	5. 2	6. 0
Fifth zone-----	6. 0	7. 0	8. 0
Sixth zone-----	7. 7	8. 7	10. 0
Seventh zone-----	9. 2	11. 0	12. 0
Eighth zone-----	11. 0	12. 5	14. 0”

1 (b) Section 2 (a) of such Act of October 30, 1951,
2 is amended by striking out the last two provisos and insert-
3 ing in lieu thereof the following: "Provided further, That
4 on and after July 1, 1958, the rate of postage on newspapers
5 or periodicals maintained by and in the interests of religious,
6 educational, scientific, philanthropic, agricultural, labor,
7 veterans', or fraternal organizations or associations, not
8 organized for profit and none of the net income of which
9 inures to the benefit of any private stockholder or individual,
10 shall be the rate per pound or minimum rate required to be
11 paid on publications generally reduced by 50 per centum:
12 And provided further, That on and after July 1, 1958, the
13 rate of postage on any religious, educational, or scientific
14 publications designed specifically for use in school class-
15 rooms or in religious instruction classes shall be the rate
16 per pound or minimum rate required to be paid on publica-
17 tions generally, reduced by 35 per centum."

18 (c) Section 2 (c) of such Act of October 30, 1951, is
19 amended by striking out "one-eighth of 1 cent" and inserting
20 in lieu thereof "one-fourth of 1 cent effective July 1, 1958,
21 three-eighths of 1 cent effective July 1, 1959, and one-half of
22 1 cent effective July 1, 1960, except that the per copy rates
23 prescribed for publications covered by section 25 of the
24 Act of March 3, 1879, as amended (39 U. S. C. 286),
25 shall be continued".

1 (d) Section 2 (d) of such Act of October 30, 1951, is
2 amended by striking out the words "two ounces" where they
3 appear the second time and inserting in lieu thereof the word
4 "ounce".

5 (e) The third clause of section 14 of the Act of March
6 3, 1879, as amended (39 U. S. C. 226), is amended effective
7 on and after the date of enactment of this Act to read as
8 follows:

9 "Third. It must be formed of printed sheets: Provided,
10 That publications produced by the stencil, mimeograph, or
11 hectograph process or in imitation of typewriting shall not
12 be regarded as printed within the meaning of this clause."

13 (f) Section 202 (a) of the Act of February 28, 1925,
14 as amended (39 U. S. C. 283), is amended by adding the
15 following new paragraph:

16 "(4) For the purpose of this section, the portion of a
17 publication devoted to advertisements shall include all adver-
18 tisements inserted in such publication and attached perma-
19 nently thereto."

20 (g) Section 203 of the Postal Rate Revision and Federal
21 Employees Salary Act of 1948 (62 Stat. 1262; 39 U. S. C.
22 291b), is amended—

23 (1) by striking out "10 cents a pound or fraction
24 thereof" and inserting in lieu thereof "12 cents a pound

1 or fraction thereof regardless of the weight of the indi-
 2 vidual copies"; and

3 (2) by adding at the end thereof a new sentence
 4 reading "The rates provided in this section shall remain
 5 in effect until otherwise provided by Congress."

6 THIRD-CLASS MAIL

7 SEC. 204. Section 3 of the Act of October 30, 1951
 8 (65 Stat. 673; 39 U. S. C. 290a-1), is amended—

9 (1) by striking out so much of such Act as precedes
 10 the first proviso and inserting in lieu thereof the follow-
 11 ing: "The rate of postage on third-class matter shall be
 12 3 cents for the first two ounces or fraction thereof, and
 13 $1\frac{1}{2}$ cent for each additional ounce or fraction thereof up
 14 to but not including sixteen ounces in weight:";

15 (2) in the first proviso contained in such section, by
 16 striking out "\$10" and inserting in lieu thereof "\$20";

17 (3) in the second proviso contained in such sec-
 18 tion—

19 (A) by striking out "14 cents" and inserting in
 20 lieu thereof "16 cents"; and

21 (B) by striking out "1 cent" wherever ap-
 22 pearing therein and inserting in lieu thereof "2
 23 cents when mailed prior to July 1, 1959, and
 24 $2\frac{1}{2}$ cents when mailed on or after such date";

1 (4) by striking out the third and fourth provisos
2 contained in such section; and

3 (5) by striking out the last proviso and inserting
4 in lieu thereof the following: "And provided further,
5 That on and after July 1, 1958, the rates of postage on
6 third class matter mailed by religious, educational, sci-
7 entific, philanthropic, agricultural, labor, veterans', or
8 fraternal organizations or associations, not organized for
9 profit and none of the net income of which inures to the
10 benefit of any private stockholder or individual, shall be
11 the rates prescribed by this section, except that the mini-
12 mum charge per piece for third class matter mailed in
13 bulk by such organizations or associations shall be 50
14 per centum of the minimum charge prescribed by this
15 section for such mailings."

16 FOURTH-CLASS MAIL

17 SEC. 205. (a) Section 204 (a) of the Postal Rate
18 Revision and Federal Employees Salary Act of 1948 (39
19 U. S. C. 292a (a)), as amended, is amended by striking
20 out the words "over eight ounces" wherever they appear and
21 inserting in lieu thereof "sixteen ounces or over".

22 (b) Sections 204 (d) and (e) of such Act (39 U. S. C.
23 292a (d) and (e)) are amended to read as follows:

24 "(d) The following materials when in parcels not ex-

1 exceeding seventy pounds in weight may be sent at the postage
2 rate of 10 cents for the first pound and 5 cents
3 for each additional pound or fraction thereof, and
4 this rate shall continue until otherwise provided by the Con-
5 gress: (1) books permanently bound for preservation con-
6 sisting wholly of reading matter or scholarly bibliography
7 or reading matter with incidental blank spaces for students'
8 notations and containing no advertising matter other than
9 incidental announcements of books; (2) sixteen-millimeter
10 films and sixteen-millimeter film catalogs except when sent
11 to commercial theaters; (3) printed music whether in bound
12 form or in sheet form; (4) printed objective test materials
13 and accessories thereto used by or in behalf of educational
14 institutions in the testing of ability, aptitude, achievement,
15 interests, and other mental and personal qualities with or
16 without answers, test scores, or identifying information re-
17 corded thereon in writing or by mark; (5) phonograph
18 recordings; and (6) manuscripts for books, periodical
19 articles, and music.

20 “(e) (1) The following materials when in parcels not
21 exceeding seventy pounds in weight when loaned or ex-
22 changed between (A) schools, colleges, or universities and
23 (B) public libraries, religious, educational, scientific, phil-
24 anthropic, agricultural, labor, veterans, or fraternal organi-
25 zations or associations not organized for profit and none of

1 the net income of which inures to the benefit of any private
2 stockholder or individual, or between such organizations and
3 their members or readers or borrowers, shall be charged
4 with postage at the rate of 4 cents for the first pound and
5 1 cent for each additional pound or fraction thereof, except
6 that the rates now or hereafter prescribed for third- or
7 fourth-class matter shall apply in every case where such
8 rate is lower than the rate prescribed in this subsection, and
9 this rate shall continue until otherwise provided by the
10 Congress: (i) books consisting wholly of reading matter
11 or scholarly bibliography or reading matter with incidental
12 blank spaces for students' notations and containing no
13 advertising matter other than incidental announcements of
14 books; (ii) printed music, whether in bound form or in
15 sheet form; (iii) bound volumes of academic theses in
16 typewritten or other duplicated form and bound volumes of
17 periodicals; (iv) phonograph recordings; and (v) other
18 library materials in printed, duplicated, or photographic
19 form or in the form of unpublished manuscripts.

20 “(2) The rate provided in paragraph (1) for books
21 may apply to sixteen-millimeter films, filmstrips, transpar-
22 encies for projection and slides, microfilms, sound record-
23 ings, and catalogs of such materials when sent in parcels
24 not exceeding seventy pounds in weight to or from (A)
25 schools, colleges, or universities and (B) public libraries,

1 religious, educational, scientific, philanthropic, agricultural,
2 labor, veterans, or fraternal organizations or associations,
3 not organized for profit and none of the net income of which
4 inures to the benefit of any private stockholder or individual.

5 “(3) Public libraries, organizations, or associations,
6 before being entitled to the rates specified in paragraphs
7 (1) and (2) of this subsection, shall furnish to the Post-
8 master General, under such regulations as he may prescribe,
9 satisfactory evidence that none of their net income inures
10 to the benefit of any private stockholder or individual.”

11 (c) (1) The Act entitled “An Act to readjust the size
12 and weight limitations on fourth-class (parcel post) mail”,
13 approved October 24, 1951 (65 Stat. 610; 39 U. S. C.
14 240a), is amended by striking out so much thereof as pre-
15 cedes the first semicolon and inserting in lieu thereof the
16 following: “That on fourth-class matter the limit of size
17 shall be eighty-four inches in girth and length combined
18 and the limit of weight shall be sixteen ounces or over and
19 not exceeding forty pounds”.

20 (2) The first section of such Act is further amended
21 by striking out the words “over eight ounces” where they
22 appear the second time in such section and inserting in lieu
23 thereof the words “sixteen ounces or over”.

24 (3) Section 207 (a) of the Act of February 28, 1925
25 (39 U. S. C. 240), as amended, is amended by striking

1 out the words "in excess of eight ounces" and inserting in
2 lieu thereof the words "sixteen ounces or over".

3 *SUBSCRIPTION ORDER, BILL, AND RECEIPT FORMS*

4 *SEC. 206. The final clause in the first sentence of the*
5 *Act of January 20, 1888 (25 Stat. 1; 39 U. S. C. 249),*
6 *is amended by striking out the following: " , but the same*
7 *shall be in such form as to convey no other information*
8 *than the name, place of publication, subscription price of*
9 *the publication to which they refer and the subscription*
10 *due thereon".*

11 *INVESTIGATION AND STUDY BY POSTMASTER GENERAL OF*
12 *DIMENSIONAL CATEGORIES FOR FIRST- AND THIRD-*
13 *CLASS MAIL ENVELOPES*

14 *SEC. 207. (a) The Postmaster General is authorized*
15 *and directed to conduct a thorough investigation and study*
16 *of the feasibility and desirability of—*

17 *(1) the establishment, by regulation of the Post-*
18 *master General, of such number of categories (but not*
19 *less than two categories) of specified length and width*
20 *dimensions for envelopes to be used for the transmission*
21 *of first-class and third-class mail, as the Postmaster Gen-*
22 *eral may determine to be necessary or desirable to*
23 *increase the efficient handling of the mail; and*

24 *(2) the establishment of an additional charge on*
25 *any such mail transmitted in an envelope which does*

1 not conform in length and width to one of such dimen-
2 sional categories for envelopes.

3 (b) The Postmaster General shall submit to the Senate
4 and House of Representatives, on or before February 1,
5 1959, a report of the results of such investigation and study,
6 together with his recommendations with respect thereto,
7 including his recommendations for any necessary legislation.

8 DETERMINATION OF CLASS OF POST OFFICE AND COM-
9 PENSATION OF POSTMASTER AND CERTAIN EMPLOYEES

10 SEC. 208. No part of the gross postal receipts of any
11 post office, which are determined in accordance with estimates
12 of the Postmaster General to be attributable to the increases
13 in postage rates provided by this Act, shall be counted for
14 the purpose of determining the classes of the respective post
15 offices and the compensation and allowances of postmasters
16 and other employees whose compensation or allowances are
17 based on the annual gross receipts of such post offices.
18 Nothing contained in this section shall operate to relegate a
19 post office to a class or receipts category below the class or
20 receipts category to which such post office may be assigned
21 on the basis of gross postal receipts accruing during the
22 last complete calendar year prior to the date of enactment
23 of this Act or, in the case of a post office which was in
24 existence on such date of enactment but which was not in
25 existence during the whole of such calendar year, on the

1 basis of gross postal receipts accruing during the last quarter
2 prior to the date of enactment of this Act.

3 *SALARY STEP INCREASES*

4 *SEC. 209. (a) Subsection (a) of section 401 of the*
5 *Postal Field Compensation Act of 1955, as amended (39*
6 *U. S. C. 981 (a)), is amended by striking out the words*
7 *“salary level PFS-9 or a lower salary level of”.*

8 *(b) Subsection (b) of such section (39 U. S. C. 981*
9 *(b)) is repealed.*

10 *SEC. 210. (a) The last paragraph of section 207 (b) of*
11 *the Act of February 28, 1925, as amended (45 Stat. 942;*
12 *39 U. S. C. 247), is amended by inserting before the word*
13 *“greater” the following: “more than 8 per centum”.*

14 *(b) The paragraph under the heading “GENERAL PRO-*
15 *VISIONS” under the appropriations for the Post Office De-*
16 *partment contained in chapter IV of the Supplemental Ap-*
17 *propriation Act, 1951 (64 Stat. 1050; 31 U. S. C. 695), is*
18 *amended by striking out “the receipt of revenue from fourth-*
19 *class mail service sufficient to pay the cost of such service”*
20 *and inserting “that the cost of fourth-class mail service will*
21 *not exceed by more than 8 per centum the revenues there-*
22 *from”.*

23 *REPEALS*

24 *SEC. 211. (a) The following laws are hereby repealed—*

25 *(1) The Act of June 9, 1930 (U. S. C., title 39,*

1 *sec. 793*), relating to certification of estimated amounts
2 of postage that would have been collected on certain
3 free or reduced-rate mailings, which the Postmaster
4 General is required to make to the Secretary of the
5 Treasury and to the Comptroller General of the United
6 States;

7 (2) Paragraph (4) of section 202 (a) of the Act
8 of February 28, 1925 (45 Stat. 941; 39 U. S. C. 283
9 (4));

10 (3) Section 202 (b) of the Act of February 28,
11 1925 (43 Stat. 1066; 39 U. S. C. 283 (b)); and

12 (4) Section 204 of the Act of February 28, 1925
13 (43 Stat. 1067; 39 U. S. C. 288).

14 (5) The last sentence of section 4 (a) of the Civil
15 Service Retirement Act as contained in the Civil Service Re-
16 tirement Act Amendments of 1956 (70 Stat. 747) is
17 hereby repealed, and hereafter the amounts contributed by
18 the Post Office Department to the civil service retirement
19 and disability fund in compliance with such section 4 (a) of
20 the Civil Service Retirement Act shall be considered as costs
21 of providing postal service for the purpose of establishing
22 postal rates.

23

EFFECTIVE DATE

24 *SEC. 212. (a)* The provisions of sections 203 (e), 206,

1 207, and 209 of this title shall take effect on the date of
2 enactment of this Act.

3 (b) The rates of postage prescribed by this title, except
4 as otherwise provided herein, shall become effective on July
5 1, 1958.

6 (c) The rates of postage prescribed by section 203 (a)
7 and (c) of this title shall become effective as provided in
8 such section 203 (a) and (c).

9 (d) The permit fee prescribed by section 204 (2) of
10 this title shall become effective on January 1, 1959.

11 (e) The size and weight limits prescribed by section
12 205 of this title shall become effective on July 1, 1958.

13 (f) Section 211 shall become effective on July 1, 1958.

14 *TITLE III—POSTAL MODERNIZATION FUND*

15 *ESTABLISHMENT OF FUND*

16 *SEC. 301. There is hereby established in the Treasury of*
17 *the United States a trust fund to be known as the "Postal*
18 *Modernization Fund" (hereinafter referred to as "the*
19 *Fund"). The Fund is hereby appropriated for the purposes*
20 *set forth in section 303.*

21 *PAYMENT OF CERTAIN POSTAL RECEIPTS INTO THE FUND*

22 *SEC. 302. There shall be paid into the Fund out of*
23 *receipts of postage on first class mail the sum of \$175,-*
24 *000,000 during each fiscal year, beginning with the fiscal*

1 year ending June 30, 1959, and ending with the fiscal year
2 ending June 30, 1961.

3 EXPENDITURE FROM FUND

4 SEC. 303. Moneys paid into the Fund, together with any
5 income thereof under section 304 (b), shall be available until
6 expended for obligation by the Postmaster General for the
7 purpose of—

8 (1) conducting research, either directly or through
9 private or other organizations, for the purpose of de-
10 veloping, acquiring, and placing into operation im-
11 proved equipment and facilities for the performance of
12 the postal function;

13 (2) constructing or otherwise acquiring buildings
14 and other related property which will more efficiently
15 serve the needs of the postal service, and for improving
16 existing facilities.

17 MANAGEMENT OF FUND

18 SEC. 304. (a) It shall be the duty of the Secretary of
19 the Treasury to hold the Fund, and (after consultation
20 with the Postmaster General) to report to the Congress not
21 later than the first day of January of each year (beginning
22 with 1960) on the financial condition of the Fund as of the
23 end of the next preceding fiscal year.

24 (b) It shall be the duty of the Secretary of the Treasury
25 to invest such portion of the Fund as is not, in his judgment,

1 *after consultation with the Postmaster General, required to*
2 *meet current withdrawals. Such investments may be made*
3 *only in interest-bearing obligations of the United States or*
4 *in obligations guaranteed as to both principal and interest*
5 *by the United States.*

6 *REPORT OF POSTMASTER GENERAL*

7 *SEC. 305. The Postmaster General shall include in his*
8 *annual report to the President for each year a detailed report*
9 *of his activities during such year under this title.*

Amend the title so as to read: "An Act to establish a postal policy and to adjust postal rates, and for other purposes."

Passed the House of Representatives August 13, 1957.

Attest:

RALPH R. ROBERTS,

Clerk.

[Report No. 1321]

AN ACT

To readjust postal rates and to establish a congressional policy for the determination of postal rates, and for other purposes.

AUGUST 14, 1957

Read twice and referred to the Committee on Post
Office and Civil Service

FEBRUARY 24, 1958

Reported with amendments

The bill (H. R. 9955) was passed.

Mr. JOHNSON of Texas. Mr. President, I move that the vote by which the bill was passed be reconsidered.

Mr. KNOWLAND. Mr. President, I move to lay on the table the motion to reconsider.

The PRESIDING OFFICER. The question is on agreeing to the motion to lay on the table.

The motion to lay on the table was agreed to.

CONSTRUCTION OF U. S. S. "ARIZONA" MEMORIAL AT PEARL HARBOR

The PRESIDING OFFICER. The Chair lays before the Senate the unfinished business, which will be stated.

The LEGISLATIVE CLERK. A bill, House Resolution 5809, to authorize construction of a U. S. S. *Arizona* memorial at Pearl Harbor.

READJUSTMENT OF POSTAL RATES

Mr. JOHNSON of Texas. Mr. President, I move that the Senate proceed to the consideration of House Resolution 5836.

The PRESIDING OFFICER. The bill will be stated by title.

The LEGISLATIVE CLERK. A bill, House Resolution 5836, to readjust postal rates and to establish a congressional policy for the determination of postal rates, and for other purposes.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Texas.

The motion was agreed to; and the Senate proceeded to consider the bill.

ORDER OF BUSINESS

Mr. JOHNSON of Texas. Mr. President, so far as the Senator from Texas is aware, we expect no quorum calls or rollcalls for the remainder of the day. We will proceed to the consideration of the postal-rate bill tomorrow, and we may have several quorum or rollcalls tomorrow and the next day.

TENTH ANNIVERSARY OF COMMUNIZATION OF CZECHOSLOVAKIA

Mr. MUNDT. Mr. President, tomorrow, the 25th of February, marks the 10th anniversary of the black day when Czechoslovakia went behind the Iron Curtain. I ask unanimous consent to have printed in the RECORD at this point a statement which I have prepared on that unhappy event in history.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

STATEMENT BY SENATOR MUNDT

The free peoples of the world and the people of the United States owe to the enslaved nations behind the Iron Curtain help and assistance to regain their freedom. On the 10th anniversary of the completion of the communization of the territory of Czechoslovakia on February 25, 1948, we should give the expression of our deep sympathies toward the subjugated nations and the nations which became victims of the Communist aggression and express our hopes

that these nations again be full free, politically and economically, that they again enjoy full self-determination and democracy in their homelands in the future. We should encourage the enslaved and expelled Czechs, Slovaks, Sudeten Germans, Poles, Hungarians, and Carpatho-Ukrainians to strengthen their efforts to achieve freedom and we should encourage their exiles to increase their efforts to bring to the attention of the free world the fate of their people and to bring about a peaceful abolishment of communism in all countries and territories now behind the Iron Curtain.

It is the American tradition to be just toward all men and nations and to support those who strive and long for freedom. On the occasion of the 10th anniversary of the completion of communization of Czechoslovakia, we should reaffirm these principles and traditions of ours.

THE FARM PROBLEM

Mr. CHURCH. Mr. President, it is now clear that the administration will neither offer nor recommend a new farm program to this session of the Congress. It remains to be seen whether the Congress itself can fashion one.

In the face of this situation, and the fact that Idaho farmers are confronted with a problem that grows steadily worse, I believe that I owe it to them, as their Senator, to place on record here my views, as they generally relate to the farmers' predicament, so they may know where I stand, and what I shall be working for, during the remainder of the session.

Mr. President, during the past 4 years, the prices farmers must pay for the things they buy have risen, while the prices they receive for the things they produce have fallen sharply. As a result, the farmer is caught in a vicious cost-price squeeze. The prices he must pay for family living items, for farm equipment, and for such other necessary expenses as interest, freight costs, and taxes have risen steadily since 1953. On the other hand, the prices received by farmers for the things they produce have fallen, almost as steadily, during this same period. In 1952 the farmer, on the average, was receiving a fair price for his products. The parity ratio was 100. In 1954 it was 89. Last month it was 82. This is exactly as though the farmer had taken a pay cut of 18 cents from every dollar of earnings. Since 1951, while the average per capita income off the farm has increased from \$1,833 to \$2,018, the average per capita income for the farmer has fallen from \$953 to \$902. This is in spite of the fact that farm income is being divided among fewer and fewer farmers, each with a steadily growing investment in land and equipment. Last year alone, 1.8 million people left the farms—the largest migration away from the farms ever to occur in a single year in the history of our country.

Of course, farmers know what has happened to them better than I do; let us try to see why it has happened. All the farmers of America, together, have the capacity, at present, to produce more farm products than the country has been able to consume. This is a wonderful tribute to their energy and increas-

ing efficiency. Unfortunately, our economic system does not operate to reward them for abundant production; it penalizes them. Let us see why this is so.

When the giants of the automobile industry find that they have the capacity to produce more cars than people will buy, they promptly cut back on production. They produce fewer cars, but every car they make is produced and sold at a profit. Similarly, when the United States Steel Corp. cannot sell, at a profit, all the steel it can produce, it cuts back on production. This corporation, now operating at only 55 percent of its capacity, avoids dumping on the market all the steel that it is capable of producing, to be sold at whatever price the market will bring. If it did this, it would soon be bankrupt.

The farmers' situation differs from that of the car maker or the steel manufacturer in at least two basic ways. If United States Steel cuts back its production, the cutback has an immediate impact upon the market, tending toward increasing the price for steel. This is so because there are very few manufacturers of steel, and, when any one of them cuts back on production, it immediately affects the supply of steel available on the market. But an individual farmer could shut down his farm completely without measurable effect on the market. If he grows hay, he cannot take his hay to market and say, "I am willing to sell it for \$25 a ton, or for \$20, or for \$15." He must go to the market and say, "I have hay to sell. I must sell it to live. What will you give me for it?"

Now, there is another basic difference between the problem the farmers face, and the situation that confronts many other businesses. When the price for cars goes down, the market for cars can be expected to expand very rapidly. The same thing does not happen, however, in the case of most farm products. This is partly the result of the widening gap between what the farmer receives for his raw product, on the one hand, and what the housewife must pay for the finished product at the market place, on the other. The farmer's share of the dollar spent in the grocery store has fallen from 48 cents in 1951 to 39 cents in 1957. Consequently, the price to the farmer can be reduced as much as 15 cents or 20 cents on a given product, and the price to the consumer for that product in the grocery store may go down only a cent or two at the most, or may not go down at all. Moreover, when times are generally prosperous, and people are employed, they tend to buy about the same quantity of bread, potatoes, and even meat and dairy products, regardless of fluctuations in the price at the grocery store. The people have to eat, and they can eat only so much. So, when farm products are produced in surplus quantities, the market is ruined. The housewife does not benefit, in any proportionate way, from the reduced prices paid to the farmer, and the demand for farm products does not increase sufficiently to eliminate the surplus.

Those who say that the farm problem can be solved by the expanded markets

that will result from lower prices simply do not take these fundamental facts into consideration. The economists say that demand for food is "inelastic." What they mean is that demand for food does not expand fast enough to compensate for lower prices. Overproduction results in a glutted market. Farmers understand this. Economists understand it. Evidently only the administration does not.

This is the reason that the Federal Government has tried, from the time of the great farm depression of the early thirties, to devise a farm program in which farmers might participate in large numbers, to end surpluses and bring overall farm production into line with demand, so that farmers might receive a fair price in the market place for their food and fiber.

In order to accomplish this, I have no doubt that we must have some kind of farm program. The unregulated free market nearly ruined the American farmer in the early 1920's and again in the 1930's. Only those with very short memories have forgotten this.

Mr. LONG. Mr. President, will the Senator yield?

Mr. CHURCH. I am happy to yield to my friend from the great State of Louisiana.

Mr. LONG. I wonder if the thought has occurred to the Senator that one way to relieve the farm problem is to help make it possible for hungry people to eat? The cost of living has gone up during the past 2 years, since the last advance in welfare payments. It would seem to be a good idea to me that those who are underprivileged, or those who are on public relief, inasmuch as more than half of their funds go for food, should be given greater provision. That would be an advantage to the country, and there would be less poverty and malnutrition in this land of ours if the administration were willing to go along with some of us when we try to provide more liberally for those who are today hungry.

The Senator knows as well as I do that every time some of us try to provide an increase in welfare payments in order to meet the increase in the cost of living, the administration comes to Congress to oppose it.

Mr. CHURCH. I could not more completely agree with my good friend, the Senator from Louisiana, and I could not think of a better way to help put to good use the surplus food with which we now are confronted. Certainly, this food was meant for nourishment. There are many hungry mouths to feed, both in this country and abroad.

Mr. LONG. Will the Senator yield further?

Mr. CHURCH. I am happy to yield further.

Mr. LONG. Some people keep confusing us by talking about all sorts of complicated ways to handle the farm problem, in an attempt to say that no particular method will work.

I wonder if the thought has ever occurred to the Senator that, although the administration has been in power for 5 years, the farmers have not had enough

income to meet parity during the entire 5 years—not in a single month—and not in a single month have the farmers done as well as they did in the worst month during the prior 12 years, before the present administration came into power. At the same time, the bankers have had an alltime high in income, with the highest interest rates that have prevailed in 20 years, and continuously high interest rates. I wonder if the thought has occurred to the Senator that perhaps this outfit really planned it that way all the time.

Mr. CHURCH. When I review the same record to which the Senator from Louisiana has been good enough to refer, I cannot help but think that the policies of this administration have been strangely calculated to favor the money lender, and to favor generally the people who need the benefits the least, but to clearly disfavor the interests of the American farmers.

Mr. LONG. Mr. President, will the Senator yield further?

Mr. CHURCH. Indeed I will, but I should like first to make a further comment: that the proof of this statement is to be found clearly in the record, from the very fact that last year, as I have already mentioned, a recordbreaking number of American farmers left the farms in a mass exodus to the cities. This, I think, is to be laid directly to the kind of farm program which has been innovated and administered during the past 4 years.

Mr. LONG. I am sure the Senator recalls that during the last presidential election and during the election 5 years ago there were quite a few of us who said that the Republicans really believed that the farmer was getting too much.

Mr. CHURCH. That is true.

Mr. LONG. We were not saying that all Republicans felt that way, but that was the prevailing view of Republicans in general. The Republicans felt 5 years ago that the farmer was getting too much, and perhaps feel that way now; but they do not feel the moneylenders, the bankers, and the millionaires are getting enough.

I ask the Senator if the record of this administration during the past 5 years has not demonstrated that is just about what they had in mind.

Mr. CHURCH. I could not possibly agree more with my good friend, the Senator from Louisiana. I would only add that later in my remarks I make reference to the very thing the Senator has so ably pointed out in the course of this colloquy. I thank the Senator for his participation.

To be sure, there were many things wrong with the farm program during the 20 years we watched it develop from 1932 to 1952. But the basic ingredients were there. Farmers will not receive a fair price for their commodities so long as the market is glutted with surpluses; every effort to control surpluses will fail, so long as it does not provide reasonable assurances to the farmer that he will receive a fair price for what he does produce.

Perhaps methods can be devised whereby the excess production can be

removed from the domestic market, and used to feed the hungry, both here and abroad. When production controls are necessary, perhaps they can be made more effective by administering them on an overall, rather than a crop-by-crop basis. Perhaps, also, effective production control cannot be realistically based on limiting acres, but needs, rather, to be based on limiting bushels or pounds. I do not know for sure.

But I am persuaded, for sure, that our farm program has taken the wrong direction during the past 4 years. There is little evidence that the soil bank is actually reducing surpluses. Flexible price supports have meant lower prices to the farmer, but they have neither eliminated farm surpluses, nor have they reduced the cost of food or clothing to the housewife. And every time the administration has lowered price supports, the cost of the support program has risen. It was \$60 million in 1953, \$800 million in 1955, and \$1,300 million in 1957. Despite this, the administration now proposes a new law that will permit the further reduction of price supports.

The same medicine that has already weakened the patient, when given by the teaspoonful, we are now asked to administer by the tablespoonful.

What is even more discouraging to me is the philosophy with which the whole farm problem has been treated in recent years. Farmers have been told that the solution to their problems can only be found in lower price supports and less Government interference. Consumers, particularly those in the great metropolitan areas, have been deliberately encouraged to believe that it is contrary to their interest for the Government to try to maintain farm prosperity. The farmer has been portrayed as standing in line, hat in hand, for handouts of the taxpayers' money. By insisting on lowered price supports, those who administer this program have made it impossible for farmers to do anything but try to produce more and more, in a despairing effort to meet their bills and obligations. Then, to top it off, the resultant surpluses have been pointed to as evidence that no farm program is workable. In short, the farm program has been systematically dismantled by those who had the responsibility for administering it.

Now we come to the hardest question of all. What can be done about it? The farm bloc in Congress is now divided and demoralized. A new farm program is desperately needed, but the administration has offered no change in its approach, and Congress, which speaks with as many voices as there are Members, will be hard put to devise a comprehensive new program in this session. Consequently, a movement has developed to hold the line by enacting legislation that will prevent further reduction in price supports for the 1958 crop year. No one supposes that this approach constitutes a permanent solution to the farm problem. It is, at best, a stop-gap measure, designed to halt the rising tide of farm bankruptcy during the coming year, in the hope that a new comprehensive farm

I wish to repeat that statement. It is the responsibility of Members of Congress to do those things which will create in private industry well-paying jobs, which are absolutely essential to the security and happiness of our people.

I know of no other proposed legislation which would help to accomplish that result now as well as would this bill.

As you know, Mr. President, the job-creation possibilities in building a house are almost limitless. Beginning with the men who dig the basement, the benefits which accrue to all segments of our economy from the construction of a home are almost fantastic. From the standpoint of the actual construction labor alone, they range from the common laborer to the skilled workman. The benefits flow to the bricklayer, the stonemason, the carpenter, the plasterer, the painter, the electrician, the plumber, and the roofer.

Building construction provides jobs for the people who make the concrete blocks, the nails, the electrical wiring, the lighting fixtures, the refrigerators, the stoves, the washing machines, the furnaces, the plumbing equipment, and the hundreds of other items which go into the modern home.

It has been estimated that in the construction of a modern home there are used about 3,000 articles, the production of which is helpful to all phases of labor and the business community. It takes 2 man-years of labor to construct the average home. Mr. President, I know of no more logical step for Congress to take at this time than to pass the bill.

The philosophy of veterans housing legislation has long since been adopted by Congress and is not now at issue.

Under the GI housing bill some \$42 billion has flowed into our economy. It has been a good investment. The loss ratio has been about six-tenths of 1 percent. Less than 36,000 out of more than 5 million loans have been defaulted. The actual dollar loss on home loans has been under \$20 million. More than 1,127,000 veterans have paid their home loans in full. Of the 14 million persons eligible for loans under the GI bill, only 28,000 commitments are outstanding at the moment.

That gives some idea of the extent to which the number of loans has been reduced, and for only one reason, namely, that the mortgages cannot be sold. Likewise, we are given some idea of the extent to which employment would be increased if 500,000 GI houses could be built this year. This is not impossible, because 669,000 were built in 1955.

I recognize that there are now and always have been certain areas in the United States where prospective home buyers have extreme difficulty in arranging for mortgage credit. For the most part, these are the rural areas and small towns. That is why my bill includes a 2-year extension of the VA direct loan program.

There is a twofold purpose in increasing the loan maximum. First, the maximum was set in 1950, and there has been a substantial increase in the cost of residential construction since that date. Second, the increased earnings of Amer-

icans generally, and particularly veterans, makes it possible for them to desire and pay for better housing accommodations.

Mr. President, I believe that if we pass the bill we could well create a market for as many GI homes in 1958 as we provided in 1955. I said a moment ago that I do not think it is unreasonable to expect 500,000 houses to be built. I see no reason why as many should not be built in the next 12 months as were built in 1955.

That would mean 669,000 new home owners; 669,000 refrigerators; 669,000 construction jobs, each requiring 2 man-years of labor; 669,000 stoves; 669,000 furnaces; 669,000 washing machines; and 669,000 more of everything else that goes into the building of a house.

In other words, Mr. President, such a program would at once do effective work for the economy of our Nation; at the same time, it would provide the homes to which our veterans are entitled under the law.

I repeat: Congress has already adopted the philosophy in the GI housing law. It was first expressed in 1944, and since that date Congress has repeatedly renewed it.

Another consequence which will result from the reactivation of the GI loan program will be the elimination of some of the dangerous secondary borrowing devices which have recently sprung into use.

Published reports of the estimates of second mortgages behind primary conventional loans show a somewhat disturbing incidence of these cases in certain areas of the country. For example, the director of the Los Angeles office of FHA estimated that from 70 to 80 percent of all cases involving conventional mortgage financing also involved second mortgages or contracts. This dangerous practice can best be curbed by making available reasonable terms on alternative financing.

As I mentioned earlier, the bill will extend the entitlement of World War II veterans for a period of two years from its present termination date of July 25, 1958.

There still are about 10 million World War II veterans who have not made use of their loan guaranty benefit.

Korean veterans will, of course, have until January 31, 1965, to take advantage of a loan guaranteed by the Veterans Administration.

I am advocating the extension for World War II veterans because I know that many of them have delayed their home purchase plans fully intending to take advantage of their entitlement before the expiration date; but during the past 1½ years or more, when mortgage capital began to tighten, they have found it impossible to get a GI loan.

I think it only fair that we help those World War II veterans whose plans have thus been frustrated to take advantage of this benefit.

It is my firm conviction that the way to meet the present problem brought about by the backward step which our economy has taken is to help private industry do the job. I do not believe we

can solve the problem of creating employment for all willing workers simply by pumping Federal funds into our economy. Certainly I favor some of the proposed public works programs. But in my opinion such programs should be limited to those which are necessary to do the jobs that private capital is unable to undertake. Except for the moderate direct loan program, upon which I commented earlier, I believe that, given the necessary assistance, private industry will take care of the need of providing better housing for Americans.

Mr. President, we cannot afford, at this time, to allow the GI program to die either through its natural termination or through disuse caused by an unrealistic interest rate. I say this both from the standpoint of those veterans who want to use their entitlement, but are unable to do so, as well as with an eye on a residential construction industry. Either of these reasons is an adequate motivating force, and the combination makes it a must.

Mr. President, I ask unanimous consent to have printed at the conclusion of my remarks the text of a statement made by the national economic commission of the American Legion, and also the text of a resolution adopted by the 1957 convention of the American Legion.

There being no objection, the statement and resolution were ordered to be printed in the RECORD.

(See exhibits A and B.)

Mr. CAPEHART. Mr. President, I quote from the resolution one paragraph which recommends exactly what the bill provides with respect to interest rates:

Resolved by the American Legion in national convention assembled at Atlantic City, N. J., September 16-19, 1957, That appropriate legislation be enacted by the Congress to provide the Administrator of Veterans' Affairs with the same authority to regulate interest on VA loans as the FHA Administrator now exercises over FHA loans, with authority within realistic limits to increase or decrease rates to meet changing conditions as they occur, in order to assure the continued flow of GI loans under private auspices.

Mr. President, the bill makes the interest rates flexible. It gives the Administrator the right to raise or lower them. I call that point to the attention of the Senate. A day may come—and I hope it will—when the Veterans' Administrator will lower the interest rates, depending on the economic conditions at that time.

But at the moment we are all talking and thinking about the 4½ million persons who are unemployed. Here is an opportunity, under the existing law which can be extended, to accomplish, under the same principle and in the same manner as has heretofore been so successful, the building of several hundred thousand GI homes. This will, in my opinion, put hundreds of thousands of unemployed persons to work.

I wish to point out one statement the American Legion's economic committee makes, as set forth in the exhibit:

The simple truth is that no one can possibly lend money today at 4½ percent.

Mr. President, I hope the Banking and Currency Committee will immediately

hold hearings on the bill, and that Congress will pass it. I am sure the committee will hold hearings on it immediately, because the committee has a vital interest in this matter. By so doing we shall really do something worth while in respect to unemployment.

EXHIBIT A

The economic committee is deeply concerned over developments adversely affecting the GI home loan program.

For the past 8 months the VA statistics show that World War II and Korean veterans are finding it increasingly difficult to obtain loans at $4\frac{1}{2}$ percent to purchase homes. In fact, it is estimated by the Veterans' Administration officials that for all intent and purposes the program will come to a halt by January 1958.

The simple truth is that no one can possibly lend money today at $4\frac{1}{2}$ percent. Interest rates have risen progressively over the past 6 years, as a result of the tremendous demand for money for all purposes. The present fixed interest rate on GI home loans has thus become less and less attractive to investors.

As brought out in testimony before the convention committee, because of the absence of GI home loans in today's market, our veterans are currently faced with the following choices to borrow money to purchase homes:

1. Use of FHA loans with rates at $5\frac{1}{4}$ percent, plus one-half percent for FHA insurance; total of $5\frac{3}{4}$ percent.

2. Use of conventional financing requiring downpayments from 20 percent to $33\frac{1}{2}$ percent with interest rates ranging from $5\frac{1}{2}$ percent to 6 percent, and over; or

3. Use of second mortgages at rates of better than 6, 7, and up to 10 percent.

Each of these alternatives represented, in the committee's considered view, too high a price to pay for retention of a fixed interest rate—a rate which in effect is preventing the veteran from securing the GI loans to which he is entitled.

The committee, therefore, unanimously recommends adoption of the enclosed resolution.

EXHIBIT B

Whereas the American Legion has been the guiding force behind the GI bill of rights, which includes the GI home-loan program; and

Whereas the number of home loans being made under the GI bill is declining steadily because the interest rate is no longer competitive under current and foreseeable market conditions; and

Whereas the failure of the Congress to enact legislation to permit the interest rate on GI loans to be competitive, has prevented a continuing flow of funds from private sources into the GI home loan market; and

Whereas under present conditions home-purchasing veterans are being deprived of a GI loan, thereby limited to conventional and FHA loans, which are not as advantageous to veterans as would be GI loans with a competitive rate; and

Whereas the American Legion is already on record in favor of a flexible rate as recommended in the Collins report, approved twice by the national executive committee: Now, therefore, be it

Resolved by the American Legion in national convention assembled at Atlantic City, N. J., September 16-19, 1957, That appropriate legislation be enacted by the Congress to provide the Administrator of Veterans' Affairs with the same authority to regulate interest on VA loans as the FHA Administrator now exercises over FHA loans, with authority within realistic limits to increase or decrease rates to meet changing conditions as they occur, in order to assure the continued flow of

GI loans under private auspices; and be it further.

Resolved, That the legislative commission and the staff members of the economic commission be instructed to vigorously promote this program, and through all available media make a grassroots appeal to the Legion membership to actively support this movement in order to insure continuation of the GI home-loan program which has proven to be of such inestimable value to our country and its veterans.

TEMPORARY INCREASE OF PUBLIC-DEBT LIMIT

Mr. JOHNSON of Texas. Mr. President, I ask unanimous consent that the pending business be laid before the Senate.

The PRESIDING OFFICER. The Chair lays before the Senate the pending business.

The Senate resumed the consideration of the bill (H. R. 9955) to provide for a temporary increase in the public-debt limit.

Mr. RUSSELL. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. RUSSELL. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. BYRD. Mr. President, the Senate Finance Committee has reported favorably the bill, H. R. 9955, to provide for a temporary increase in the Federal debt limit. Under provision of the bill the temporary increase would be \$5 billion, thus raising the ceiling from \$275 billion to \$280 billion for a period from the date of enactment of the bill to June 30, 1959. As of July 1, 1959, under the bill the debt ceiling will revert to the permanent statutory limit of \$275 billion.

The bill, of course, has been passed by the House; and as reported by the Senate Finance Committee, the language of the bill is identical with the provisions of the bill as passed by the House.

This is the fifth time since 1953 that a temporary increase in the ceiling has been requested, and the fourth time it has been granted.

In 1953, a \$15 billion increase was requested; but it was rejected in the Senate Finance Committee. A \$9 billion increase was requested in 1954 and the Senate Finance Committee reduced it to \$6 billion for 1 year. In 1955, the \$6 billion temporary increase was continued for an additional year. A temporary increase of \$3 billion was granted for the year ended June 30, 1957.

As I have already stated, the ceiling reverted to the permanent \$275 billion limit on last July 1, in the absence of any request by the administration for another increase.

The \$5 billion temporary increase provided by the pending bill was requested by the Secretary of the Treasury in January of this year. The Senate Finance Committee has held rather exhaustive hearings on the subject, and has concluded—by a vote of 10 to 5—that an

increase should be granted in the amount requested by the Secretary of the Treasury.

The statutory debt limitation is neither new nor novel. As such, statutory debt limitations have been in effect since World War I. Prior to that time a special act of Congress was required for each bond issue.

Fiscal officials of the Government time and time again have expressed their belief that there should be a statutory debt limit, and the value of limitation on the public debt is thoroughly documented.

In justifying this temporary increase the Secretary of the Treasury, the Honorable Robert B. Anderson, summarized the need at this time for a debt limit increase as follows:

1. The fact that cash balances have been running distressingly low.

2. There is need for more flexibility for more efficient and economical management of the debt.

3. Even with a balanced budget there will still be large seasonal fluctuations in receipts, which make operations under the \$275 billion limitation most difficult.

Those were the main reasons advanced by the Secretary of the Treasury.

Frankly, Mr. President, on the basis of the figures submitted to the committee, the administration did not make a case for this \$5 billion temporary increase. With the debt ceiling at \$280 billion, according to the Treasury's own estimates, there will be times when the leeway under the ceiling will exceed \$12 billion. As chairman of the committee, I am confident that its approval of this bill was largely based on the belief that the administration has overestimated income for the next year and has underestimated expenditures.

This situation could have been corrected, had the administration reduced nonessential spending when the budget was presented.

For the present fiscal year, the Congress cut appropriations by more than \$5 billion. Yet, even before the Russian Sputniks, the administration increased its expenditures estimate. This makes it clear that, with huge unexpended balances of funds already appropriated, control of expenditures has virtually been lost by the Congress.

I fear that raising the debt limit will open the door to another era of deficit spending and will result in starting again the inflationary spiral. The value of the dollar has already declined more than 50 percent since 1939.

It is this note of caution that, as chairman of the Finance Committee, I present to the Senate, for its action, H. R. 9955, in response to the vote of the Senate Finance Committee on reporting the bill.

Mr. HAYDEN. Mr. President, if no member of the Committee on Finance desires to speak at this time, I should like to make some remarks.

The PRESIDING OFFICER. The Senator from Arizona is recognized.

POSTAGE RATES AND THE PUBLIC DEBT

Mr. HAYDEN. Mr. President, the bill, H. R. 9955, now under consideration by the Senate, as passed by the House of Representatives on January 23, 1958, pro-

vides for a temporary increase in the public debt limit from \$275 to \$280 billion. It comes to the Senate with a recommendation from the Committee on Finance, of which the distinguished Senator from Virginia [Mr. BYRD] is the chairman, that the increase be limited to \$5 billion. The practical effect of the bill is to authorize the Secretary of the Treasury, Mr. Robert B. Anderson, to utilize the good faith and credit of the Government of the United States to borrow an additional 5,000 million dollars from the American people.

In a letter I addressed to him, which the Senator from Virginia was kind enough to include in the Finance Committee hearings, I pointed out that there would now be no necessity for any increase in the public debt limit if the operations of the Post Office Department had been financed on a break-even basis during the past 12 years. To demonstrate that fact, I listed the Post Office Department deficits for each year, which were:

Year:	Million
1946	\$129
1947	206
1948	277
1949	577
1950	545
1951	565
1952	720
1953	650
1954	399
1955	363
1956	464
1957	522

The total is \$5.4 billion.

Mr. President, these figures show that the greatest communication system in the world has been operated since 1945 at the greatest loss since it was first established by Benjamin Franklin.

My motive for bringing that fact to the attention of the Senate is to solicit help in relieving the Senators who are members of the Committee on Appropriations from what has become an intolerable burden. Year after year my committee has been compelled by the demonstrated needs of the postal service to recommend to the Senate for the Post Office Department appropriations of money which we know is not in the Treasury and which we are certain will have to be borrowed to pay the continuously increasing costs of providing mail service to the American people.

Every appropriations bill reads that the expenditures authorized to be made by its terms are to be paid "out of any money in the Treasury not otherwise appropriated." How, in good conscience, can the Senate insist that sums which are obviously required to keep the Post Office Department a going concern must continue to be borrowed? That issue will have to be considered by Members of this body very soon, because it is certain that another large Post Office Department deficiency bill will come over from the House of Representatives at an early date to provide the money required to keep the Department in operation for the remainder of the present fiscal year ending on the 30th of next June.

The size of the deficiency will depend to a considerable degree upon the final form in which the postal pay-increase

bill, now on the Senate Calendar, becomes a law. My information is that for every month the increase in postal pay is made retroactive, the Treasury will have to provide \$17 million.

The question naturally arises, Why has the Congress, year after year, neglected to put the Post Office Department on a sound financial basis? It is of record that every other civilized country in the world makes its postal system pay its own way. It is true that American postal workers receive higher pay than those performing similar services for other nations, but by their efficiency they earn what they may receive. There can be no legitimate objection to a pay increase at the present time if the revenues of the Post Office Department are increased in an amount sufficient to meet it.

The reason the Post Office Department has not been made to pay its own way is no great secret. It is common knowledge that those who profit by low postal rates have used every possible influence to prevent rate increases. The latest effort in that respect would have the Congress adopt the idea that the Post Office Department is a most benevolent eleemosynary institution with the major purpose of contributing to the public welfare by carrying and distributing the mails below cost as a public service.

That astounding assumption of why we have a Post Office Department is advanced in a report submitted on February 26, 1957, to the Senate Committee on Post Office and Civil Service by a Citizens Advisory Council consisting of the following-named persons:

Mr. Lovick Pierce, publishing agent, Methodist Publishing House, Nashville, Tenn.

Mr. Gene Robb, publisher, Albany Times Union, Albany, N. Y.

Mr. Albert M. Anderson, executive vice president, Reuben H. Donnelly Co., Chicago, Ill.

Mr. Walter D. Fuller, chairman of the board, Curtis Publishing Co., Philadelphia, Pa.

Mr. William C. Doherty, president, National Association of Letter Carriers, Washington, D. C.

Dr. Carey H. Bostian, chancellor, North Carolina State Agricultural College, Raleigh, N. C.

Dr. Pendleton Gaines, president, Wofford College, Spartanburg, S. C.

The findings of the Citizens Advisory Council were challenged in a resolution adopted at the regular quarterly meeting of the Advisory Board to the Postmaster General, held on April 11, 1957. The members of that Board, all nominated by the President and confirmed by the Senate, who approved the resolution are:

John S. Coleman, president, Burroughs Corp., Detroit, Mich.

James H. S. Ellis, president, the Kudner Agency, New York, N. Y.

Richard J. Gray, president, building and construction trades department, CIO-AFL, Washington, D. C.

Jack Rohe Howard, president, Scripps-Howard Newspapers, New York, N. Y.

Rowland Jones, Jr., president, American Retail Federation, Washington, D. C.

Charles M. White, chairman of the board, Republic Steel Corp., Cleveland, Ohio.

These six men, each occupying responsible positions, approved the following statements criticizing the report made to the Senate Committee by the Citizens Advisory Council. I quote them:

1. It exaggerates the costs of the public services rendered by the Post Office Department to a total of nearly \$400 million yearly whereas the more accurate costs of legitimate public services including free mails for the blind and reduced postage rates for periodicals of certain nonprofit organizations and for books, films and related materials for educational use actually total less than \$30 million.

2. It would continue to saddle the taxpayers of the country with huge expenses which should be paid by the actual users of the mails.

3. It fallaciously contends there is "no postal deficit at the present time" by using figures 3 years old which completely ignore hundreds of millions of dollars of added postal costs, principally pay increases and fringe benefits enacted by the Congress since then.

4. The composition of the Citizens Advisory Council, with 4 of its 7 members affiliated with the publishing industry, make its conclusions questionable.

Mr. LAUSCHE. Mr. President, will the Senator yield?

Mr. HAYDEN. I yield.

Mr. LAUSCHE. Would the Senator mind re-reading the names of the members of the Citizens Advisory Council?

Mr. HAYDEN. Not at all.

Mr. Lovick Pierce, publishing agent, Methodist Publishing House, Nashville, Tenn.

Mr. Gene Robb, publisher, Albany Times Union, Albany, N. Y.

Mr. Albert M. Andersen, executive vice president, Rueben H. Donnelly Co., Chicago, Ill.

Mr. Walter D. Fuller, chairman of the board, Curtis Publishing Co., Philadelphia, Pa.

Mr. William C. Doherty, president, National Association of Letter Carriers, Washington, D. C.

Dr. Carey H. Bostian, chancellor, North Carolina State Agricultural College, Raleigh, N. C.

Dr. Pendleton Gaines, president, Wofford College, Spartanburg, S. C.

Mr. LAUSCHE. That is, 4 of the 7 members were connected with publishers?

Mr. HAYDEN. The assertion of the Citizens Advisory Council was challenged by the Postmaster General's advisory board, the members of which were nominated by the President and confirmed by the Senate.

Mr. LAUSCHE. I thank the Senator very much.

Mr. MARTIN of Pennsylvania. Mr. President, will the Senator from Arizona yield?

Mr. HAYDEN. I yield to the Senator from Pennsylvania.

Mr. MARTIN of Pennsylvania. I point out that on the Citizens Advisory Council is, for example, the chairman of the Board of Curtis Publishing Co., which circulates the Saturday Evening Post and magazines of that kind. I call attention to that fact because publishers

are very much interested in questions of that character.

Mr. HAYDEN. I can understand why that is so. A long time ago, during the Wilson administration, when I was a Member of the other House of Congress, I received letters from many small boys in Arizona who distributed the Saturday Evening Post, protesting against a bill then before the Congress which would result in the Saturday Evening Post costing so much that its publishers would not be able to let them continue selling the magazines for 5 cents. It was proposed by Mr. Burleson, the then Postmaster General, that there be an increase in the postal rates on advertising matter, and not on other reading material.

I replied to those small boys and said, "Don't you worry, son; you will still have a job, because I understand that the Saturday Evening Post gets \$5,000 a page for its advertising, and to get advertising it has to have circulation, and you help get the circulation."

That is exactly what happened. The Saturday Evening Post continued to be sold for 5 cents.

Mr. MARTIN of Pennsylvania. Mr. President, will the Senator yield further?

Mr. HAYDEN. I yield.

Mr. MARTIN of Pennsylvania. For the same page of advertising, for which they then received \$5,000, they now receive \$25,000.

Mr. HAYDEN. That illustrates the present high cost of advertising.

The Citizens Advisory Council has gone to great lengths to show that the Post Office Department is performing public-welfare services which amounted to more than \$392 million in 1955. The council asserts as a matter of principle that services of that kind should be paid for out of the Federal Treasury. The council would have Congress "pass the buck" from those who use the mails to the American taxpayers to the extent of about \$400 million each year. The rejoinder of the Post Office Department is that its approved cost-accounting system can find only about \$30 million which can properly be charged to public-welfare services for which the Department is not compensated.

The Post Office Department could be reimbursed for such costs by including in the postal rate bill, H. R. 5836, now under Senate committee consideration, the text of the bill, H. R. 5206, introduced by chairman of the House Committee on Post Office and Civil Service, Mr. MURRAY. The estimated amounts to be credited to that Department on the books of the Treasury for such services based upon the ascertained cost thereof in 1956 are as follows:

Excess rate for foreign air carriers-----	\$1,143,000
4th-class books, films, and related material-----	14,928,000
Reduced rates, nonprofit newspapers and magazines-----	2,144,000
Pan American Union penalty mail-----	59,000
Free-in-county mailing privilege for newspapers-----	839,000
Free postage and reduced rates matter for the blind-----	912,000

Free mailings, Pan American diplomatic corps; franking privilege of Edith Bolling Wilson, Grace C. Coolidge, and Anna Eleanor Roosevelt-----	\$195,000
Reduced rate 1 cent per pound publications use of blind-----	50,000
Free mailing privileges, Pan American Sanitary Bureau-----	5,000
Reduced second-class rates on publications designated for classrooms and religious use-----	119,000
Reduced 3d-class rates, certain nonprofit organizations-----	5,990,000
Free postage on military absentee voting (data not available)-----	
Total-----	26,384,000

Another legislative proposal which should be included in the bill to increase postage rates is S. 2128, introduced by the Senator from South Carolina [Mr. JOHNSTON]. By the terms of that measure the Civil Service Commission and the Department of the Treasury would each be required to reimburse the Post Office Department for expenses incurred by it for services rendered. As all Senators know, the Post Office Department conducts examinations of applicants for various Civil Service positions, the annual cost of which is estimated at \$1,744,000. The service performed for the Treasury Department consists of the sale of documentary stamps at an estimated cost of \$244,000 a year.

There are ample precedents for the enactment of such legislation. The Treasury Department now reimburses the Post Office Department \$675,000 for the sale of savings bonds and stamps. The Interior Department pays \$134,000 for the sale of the so-called duck stamps. It costs the Department of Justice \$239,000 for the distribution of the forms which aliens are required to fill out and sign each year. The Treasury Department now pays an estimated \$1 million in postage for the distribution of income tax blanks; and charitable organizations such as CARE and Polio pay the regular postal rates.

Existing law also provides that the Post Office Department shall be reimbursed for the cost of handling congressional and departmental mail. The estimated cost for franked congressional mail for the next fiscal year is \$2.3 million, and the estimated cost for penalty official mail from all sources is \$41 million.

I shall not take the time of the Senate to go into the details of an extended series of what appear to me to be erroneous assumptions by the Citizens Advisory Council. It is obvious that if each and every one of its findings were correct, the taxpayers would have to foot the bill.

The fact remains that in past fiscal years the Post Office Department did collect enough money to pay its own way, the last instance being in 1945. But beginning with the fiscal year 1946, the Department has been in the red each year for 12 years and there is no apparent way for it to avoid a deficit for this fiscal year. It is a disgrace to al-

low that kind of a financial condition to exist in a Department which has been and can again be made fully self-sustaining.

I listened with interest when the Senator from Kansas [Mr. CARLSON], addressed the Senate on January 11. The Senator gave two sound reasons why 5 cents should be charged for mailing out-of-town letters. First, because it costs more to deliver them than it does letters for local distribution. And, second, because extra revenue amounting to \$175 million a year could be made available for the installation in many post offices of modern automatic mailing equipment to face, sort, and cancel letters with a great saving of time and labor. This additional revenue could also be made available to construct new buildings where there is not sufficient room to install such equipment in existing post offices.

It is good to know that the Senate Committee on Post Office and Civil Service has adopted the proposal made by the Senator from Kansas which has the merit of a direct approach. The money is not to be borrowed. It does not involve a further strain upon the credit of the United States. The Post Office Department will pay a large proportion of the costs out of its own revenues.

I have made this digression in order to make it clear that there are regular and established ways whereby the Post Office Department need not continue to be operated at a loss of \$2 million every working day. Such a loss is bad enough, but it is quite sure to be greater if justifiable increases are made in the pay rates of those in the working forces of the Department.

As yet I have been unable to discover a sound reason why those who use the mails should not pay all the costs of handling it. I can see no justification for requiring the American taxpayers to assume any part of the entire cost of operating the Post Office Department. I am sure that every member of the House and Senate Committees on Appropriation would be both relieved and pleased to know that the time has come when the Post Office Department has taken in enough money to pay all its costs. The sooner that happens the better it will be because every member of both committees is aware that increased expenditures for the national defense, combined with other urgent demands, are quite sure to result in an unbalanced Federal budget.

It is also certain that the members of the Senate Committee on Finance, who reported the bill now before the Senate to increase the public debt limit, will be happy to know that the Post Office Department, whose failure to pay its own way has made it necessary to enact the pending bill, will no longer be guilty of any such delinquency. Let me repeat, that there would be no occasion for that committee or the Senate to act on H. R. 9955 if the Post Office Department had been financed on a break-even basis during the past 12 years.

In conclusion, permit me to say that I cannot follow a line of reasoning which

insists that it is better to borrow money and pay interest on it in order to provide for speeding up the delivery of the mails, than it is to have those who place letters in the mail and want them promptly delivered, to pay for improved service which is of direct benefit to them. No one has to mail a letter unless he wants to. He must consider that it is worth paying the postage on it or he would not mail it. He has no right to expect somebody else to pay any part of the cost. Certainly that somebody should not be the already overburdened taxpayers of our nation.

Mr. CARLSON. Mr. President, I have just heard the statement of the distinguished chairman of the Appropriations Committee [Mr. HAYDEN], in regard to the effect of postal rates on the deficit and on the Treasury of the United States. I compliment the chairman on his statement. As chairman of the Appropriations Committee the Senator from Arizona has carried the burden of the appropriations of Congress for years. He knows definitely and accurately what the deficit operations of the Post Office Department have cost our citizens.

I shall go into this question in some detail tomorrow. I shall not discuss it today. However, the chairman of the Committee on Appropriations has presented to the Senate a problem which the Senate will have an opportunity to meet tomorrow. I hope Members of the Senate will make a thorough study of his statement.

Mr. KERR. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. JOHNSON of Texas. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded, inasmuch as I understand that my friend from Nevada [Mr. MALONE] is prepared to speak on the bill.

The PRESIDING OFFICER. Without objection, it is so ordered.

LEADERSHIP RESPONSIBILITY FOR MAINTAINING CONFIDENCE

Mr. CURTIS. Mr. President, I rise to point out the responsibility that must rest upon those leaders in America who are preaching a doctrine of gloom and doom. There are individuals in public life who not only continue to harp upon some of the problems that always face a nation, and particularly a free nation, but they greatly exaggerate the facts.

It is my opinion that those who are preaching calamity and a sharp depression are doing a disservice to their country. They are inviting disaster. I believe that they are doing it unthinkingly, motivated by a desire for political advantage. There are those who feel that if they can convince the American people everything is wrong, they then can not only take over the Government, but also are afforded an opportunity to carry out their pet projects in Government, which too often mean more expensive government and socialism.

Let us examine the situation. How important is confidence? Let us exam-

ine it on an individual basis. Is there anything more important in causing a young man or a young woman to succeed than the placing of confidence in that individual? If a youth is going through the natural throes of growing up which includes a period of perplexities and problems, is not the worst thing that can happen is to have that individual lose confidence in himself and have a feeling that no one else has confidence in him? Many an individual has not only become successful but has risen to greatness because of his strong feeling that others believed in him.

I wish to cite another example. If those near an individual continually, systematically and skillfully tell him that he is looking bad and that they feel he is on the verge of some tragic illness, will not that campaign against him bring about great danger that he will lose his fight and succumb to disease?

We could go on with innumerable cases to show how the pessimist, and the prophet of gloom and doom bring about the thing which they talk about. I am a great believer in athletics because an athletic contest fits an individual for the contests in life. But is there anything more disastrous than having the players lose confidence in the coach or in each other, or having the spectators lose confidence in everybody?

I do not wish to be a Pollyanna and suggest we do not have problems. We have some soft spots in our economy, including segments of agriculture and other economic problems, some of which may be local in character. I do not advocate that we put our heads under the sand. I advocate that in these situations we need calm appraisal, wise action, and an expression of confidence.

We must remember that our economy is basically sound, that our Nation has remained at peace, that our economy is growing and expanding, that our population is increasing, and that the demands for goods will continue to increase. We should remember that the greatest employment in the history of America has been ours in recent years. We should not lose sight of the fact that much of America's activity is based upon our growing and expanding economy, which in turn, means a construction program and a development program, which, of necessity, not only slows down but stops in winter months. We must remember that in periods of advance there must always be breathing spells and readjustments, and that an economy based upon an uninterrupted, fever-pitched, war-time economy likewise brings problems, the least of which is not inflation.

We must face our problems with wise actions. At the same time, I warn that the prophets of gloom and doom who, for their own political advantage, are preaching calamity and depression and disaster ahead, may by their program lead American into just such an unfortunate condition. Upon these prophets of gloom and doom, unless they change their ways, will rest the responsibility for disaster if it comes.

I shall never sell America short. Should America's economic system break down to the point of a major depres-

sion, the responsibility will rightly rest upon those leaders today who are scheming, plotting, planning, and propagandizing for a program of gloom and doom. If they succeed, the American people will not forget.

PROPOSED CUTBACKS IN SOIL CONSERVATION PRACTICE PAYMENTS

Mr. STENNIS. Mr. President, the administration's recommendation for a cutback in soil conservation practice payments from the present \$250 million for fiscal year 1958, to \$125 million for fiscal year 1959 is a backward step. It is a backward step our Nation cannot afford. I have been shocked and deeply concerned that the administration would propose such a drastic cut. I shall strongly oppose it for the following reasons:

Our soil is our greatest resource. It produces our essential raw products, food, and fiber.

The soil does not belong to our generation or to any one generation. It belongs to all generations, present and future. It must be preserved for all time.

It is our obligation to take active steps to preserve our soil. Such measures, however, are often very costly, and we cannot expect the present tiller of the soil to bear the full expense.

There are in the United States approximately 1,444,000,000 acres on which to produce agricultural crops and livestock. For every individual, there are approximately only 3 acres of cropland and slightly over 6 acres of grazing land. Our population is estimated to reach 228 million by 1975, and 335 million by the year 2000. As the population increases, the average number of acres per capita will naturally decrease.

The Soil Conservation Service estimates that a total of over 282 million acres of land are severely eroded, plus 776 million acres moderately eroded, and more than 700 million acres slightly eroded. These figures emphasize the seriousness of the problem and the absolutely urgent need for taking a new look at our long-range conservation plans.

Wisely, for years, we have recognized the need for the Government's sharing in the cost of constructive practices for rebuilding and preserving our soil. This program, consisting of technical guidance and assistance by the Soil Conservation Service, and partial payments through the agricultural conservation program, has worked exceedingly well.

Our conservation reserve program, though constructive, is limited in application. Much of the land in critical need of adequate conservation practices cannot be placed in the conservation reserve, mainly because most of our small farmers cannot afford to tie up their land for from 3 to 5 to 15 years in such limited uses. Their land is their livelihood.

In 1957, only 82,588 farmers participated in the conservation reserve of the soil bank. Only one-third of the funds allocated were used. Of the total of \$315 million allocated, only \$108 million were used, leaving a balance of \$207 million.

In Mississippi, only 1,544 contracts were signed, an average of less than 19 farmers per county. Less than one-sixth of the funds allocated to Mississippi for the conservation reserve were actually used. Obviously, the conservation reserve reaches only a fraction of the land needing conservation.

In contrast, let us look at the figures for the agricultural conservation program.

In 1956, 1,210,000 farmers participated in the agricultural conservation program, which reached 39 percent of the total cropland and 36 percent of the total farmland of the Nation.

In Mississippi, 33,856 farmers participated and shared in our State allocation of \$6,621,000, an average of approximately 413 farmers per county. An estimated 30,000 additional applications were filed, but were denied because of shortage of funds. Our State office estimate an additional \$3,500,000 would have been required if all requests and all applications filed for the calendar year 1957 had been met.

In Mississippi thousands of once wasted and idle acres have been converted into productive pastures and good cropland. In the past 18 years our farmers, through participation in the agricultural conservation program, have developed more than 16 million acres of green manure and cover crops and 2½ million acres of pasture; constructed adequate drainage systems on nearly 3 million acres; built nearly 54,000 dams, ponds, and reservoirs; and terraced almost 1 million acres.

A similar pattern is being followed in almost every other States. These constructive results speak for themselves and are apparent throughout the Nation. Yet these definite accomplishments represent only the beginning. There still remain the millions of badly eroded and unproductive acres.

Our agricultural conservation program must be expanded, not diminished.

Yet the administration now proposes a 50-percent reduction in this effective, proven nationwide soil-conservation program. What alternative is offered? An increase in the conservation reserve of the soil-bank program to \$350 million for calendar year 1958, along with the request that the total authorization of \$450 million be appropriated for calendar year 1959.

Early in this session I introduced Senate bill 2971, which would authorize the Secretary of Agriculture to use the unexpended portion of the funds appropriated for the conservation reserve in

meeting the great demands and satisfying the thousands of applications for conservation practices under the agricultural conservation program.

My proposed legislation represents an effort to give those funds already appropriated for conservation a broader application and extend them to other conservation practices, rather than restrict their use to the narrow limits of the conservation reserve of the soil bank for which there has been no great demand.

I cannot accept the conservation reserve of the soil bank as a substitute for our broader conservation program which has stood the test of time and which has already produced such helpful and outstanding results.

I propose:

First. That agricultural conservation program payments for fiscal year 1959 be restored to the current fiscal year 1958 level of payments.

Second. That the unused portion of funds appropriated for the Conservation reserve for fiscal year 1958 be made available for use in this broader, regular conservation program.

Third. That the Congress fully review our overall conservation plans throughout the Nation, with a view of expanding our agricultural conservation program practices for fiscal year 1960 and beyond.

Our efforts to preserve and rebuild our land on a sustained nationwide basis over the years must not be interrupted or neglected. The necessity for such a program, as well as its value, must be brought home constantly to the people.

It is all too easy, in this uncertain period, to call hastily for a cutback of essential programs of proven value in favor of glamorous ventures into space. However, we have not yet come up with a sputnik, a missile, a rocket or satellite that has reached so far into outer space as to discover new lands and new soils on which to grow our food and fiber. Until we do, we are compelled to concentrate our efforts even more to preserving and protecting our soil.

The hard facts are that as we move into the space era, our productive land will become more and more essential in the preservation of our Nation and our civilization.

The serious questions I have discussed here will, I am certain, have the attention of the Appropriations Committee. I shall certainly exert every effort as a member of that Committee to restore funds for our agricultural conservation program, as well as to insure its expansion in future years.

Mr. President, I ask unanimous consent to have printed in the RECORD as a part of my remarks certain tables which I have had prepared dealing with the subject I have discussed.

There being no objection, the tables were ordered to be printed in the RECORD, as follows:

Estimated ACP participation—1957 with comparison

State and region	Number of farms participating, 1956	Estimated number of farms participating, 1957
Maine.....	4,705	5,000
New Hampshire.....	1,892	2,000
Vermont.....	7,157	7,650
Massachusetts.....	2,877	3,800
Rhode Island.....	338	340
Connecticut.....	1,929	2,319
New York.....	20,098	22,500
New Jersey.....	3,157	3,117
Pennsylvania.....	25,976	21,852
North Atlantic.....	68,129	68,578
Ohio.....	38,965	39,200
Indiana.....	56,326	54,644
Illinois.....	65,048	70,900
Michigan.....	18,930	19,303
Wisconsin.....	25,234	33,293
Minnesota.....	62,225	48,750
Iowa.....	52,204	53,000
Missouri.....	55,559	54,942
North Dakota.....	46,427	46,004
South Dakota.....	31,185	31,500
Nebraska.....	34,222	40,000
Kansas.....	21,043	23,000
North Central.....	507,368	514,536
Delaware.....	1,519	2,050
Maryland.....	8,256	9,165
Virginia.....	25,254	23,775
West Virginia.....	13,609	14,200
North Carolina.....	71,029	78,782
South Carolina.....	14,932	20,500
Georgia.....	38,672	42,500
Florida.....	10,525	11,139
South Atlantic.....	183,796	202,141
Kentucky.....	48,344	55,000
Tennessee.....	54,731	56,000
Alabama.....	37,073	34,202
Mississippi.....	28,282	31,000
Arkansas.....	41,269	36,500
Louisiana.....	19,940	18,400
Oklahoma.....	34,438	33,597
Texas.....	75,620	79,075
South Central.....	339,697	343,774
Montana.....	11,879	13,950
Idaho.....	6,181	6,068
Wyoming.....	4,715	4,700
Colorado.....	11,574	10,500
New Mexico.....	4,403	4,984
Arizona.....	2,328	1,800
Utah.....	8,377	9,213
Nevada.....	745	754
Washington.....	8,749	9,937
Oregon.....	6,555	6,500
California.....	7,951	6,000
Western United States.....	73,457	74,406
Alaska.....	118	170
Hawaii.....	290	320
Puerto Rico.....	12,295	9,840
Virgin Islands.....	44	50
Insular.....	12,747	10,340
Total.....	1,185,194	1,213,775

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SENATE

13. A.S.C. COMMITTEES. Sen. Humphrey listed certain alleged incidents of mismanagement in the election of Minn. farmer committeemen, inserted the letter of Gov. Freeman of Minn. on this matter, and discussed with Sen. Langer their preference for farmer election of State committees and office managers. pp. 2344-5
14. DAIRY PRICE SUPPORTS. Sen. Javits urged deferment of reductions in dairy price supports to enable the Secretary to testify on the overall relation of milk and feed grain prices, and stated his support for the flexible parity support price approach to the farm problem. pp. 2323-4
15. POSTAL RATES. Began debate on H. R. 5836, to adjust postal rates and establish a Congressional policy for determining postal rates. pp. 2323, 2329-33, 2339-40, 2355-78
16. PERSONNEL; TRAVEL. Both Houses received from the Civil Service Commission a proposed bill to "provide for the payment of travel and transportation costs for persons selected for appointment to certain positions in the continental United States and Alaska"; to the Government Operations Committees. pp. 2312, 2429
17. ANIMAL DISEASES. Sen. Thye described his bill, S. 2192, to provide greater protection against the dissemination of livestock and poultry diseases, stating that it allowed this Department to adjust its authority and expenditures with the situation in disposing of animals, and extended the concept of diseases to rabies and other areas. pp. 2327-8
18. FARM PROGRAM. Sen. Langer inserted the resolution of the County Commissioners Ass'n of N.D. urging laws to give the farmer parity of income and asserting that other areas in the economy were aided by subsidies. p. 2314
19. ELECTRIFICATION. Sen. Morse spoke in favor of a high dam at Hells Canyon on the Snake River, pointing to a recent Federal Power Commission report which upheld the development of a large Nez Perce dam project. He criticized the Administration's water and natural resources policies and asserted that the high dam would have saved farmers \$18 million a year in lower fertilizer costs. pp. 2333-9
20. FOREIGN AID. Sens. Mansfield and Neuberger commended Sen. Monroney's bill to set up a new lending organization for world development, and Sen. Mansfield inserted a favorable editorial. p. 2328
Sen. Monroney inserted a letter to the editor by a Viet Nameese girl who questioned U. S. interest in Viet Nam, and asserted that his proposal for a multilateral international development organization would alleviate U. S. conflicts with other nations. pp. 2328-9
Sen. Wiley commended the foreign aid conference and inserted a list of participants in the meeting. pp. 2345-55
21. EMPLOYMENT; CONTRACTS. Received a resolution from a Detroit lodge of the Eagles favoring the bill to prohibit discrimination on account of age in the hiring and employment of persons by Government contractors. p. 2312

"The committee adopted an amendment which requires the Director of the Bureau of the Budget to provide by regulation for the absorption, by the respective departments and agencies in the executive branch, of the cost of the increases in compensation provided for in the bill within the limits of existing appropriations for the fiscal year in which the bill is approved. The amendment stipulates that this section shall not be considered to require the separation of any individual by reduction in force or other personnel action or the placing of any individual in a leave-without-pay status, nor will it apply to the postal field service and to such other departments, agencies, establishments, and corporations in the executive branch as the Director of the Bureau of the Budget, with the approval of the President, may designate."

Rep. Younger urged pay increases for classified and postal employees.
pp. 2379-80

7. WATERSHEDS. The Public Works Committee approved the Alama Arroyo watershed project in Tex. p. D141
8. ELECTRIFICATION. Rep. Dawson, Utah, criticized the Appropriations Committee for not providing additional funds for the continued construction of Glen Canyon Dam. pp. 2409-10
9. RESEARCH. Rep. Rodino spoke in favor of legislation to provide scholarships for the education of scientists. pp. 2413-14
10. FOREIGN AID. Rep. Henderson criticized administration of the foreign aid program. pp. 2416-17
11. GOVERNMENT ETHICS. Rep. Pelly spoke in favor of legislation to provide a code of ethics for the conduct of Federal employees. pp. 2427-28
12. FARM LABOR. In its report, "Immigration Problems on the Southeastern Sea Border," (H. Rept. 1368) the Special Subcommittee of the House Judiciary Committee recommended as follows:

"As found earlier by special subcommittees of the Committee on the Judiciary in the course of similar studies, the importation of agricultural workers from the British West Indies is beneficial for agricultural interests in the United States and it is therefore believed that it should be continued within the statutory authority available and under controls as presently applied.

"However, this special subcommittee deems it necessary to stress that the rise of unemployment in the United States might quite likely result in the reversing of the trend of recent years, which trend was marked by the movement from farm to nonfarm employment. In the event that such reversal materializes, the supply of domestic farm labor will increase in proportion to the apparently diminishing employment opportunities in the industry. Even if such reversal of the trend of the past should be but temporary -- as it is hoped -- it will necessitate the curtailment of the importation of all foreign labor, including the British West Indian farmworkers.

"It is recommended that the Immigration and Naturalization Service remain in close contact with the United States Employment Service for the purpose of immediate adjustments of the size of the foreign farm labor force in strict conformity with the changing supply of domestic farm labor."

Commissioners estimate that difference as \$32 million, an increase of \$9 million above the presently authorized Federal payment. Accompanying that increase would be new loan authorizations of \$100 million, partially to finance needed public works over the next 6 years.

There is nothing novel in this formula. Should Congress adopt it, the Appropriations Committees, as in the past, can repudiate it at will. What is really needed is a return to congressional policy, written into law, under which Congress obligates itself to appropriation of Federal funds in some fixed ratio to locally derived tax revenue. For unless Congress is willing to commit itself to meeting its financial responsibilities on a matching basis with local revenues, the District's assumption of additional debt will merely invite another financial crisis within a few years.

The new approach by the Commissioners is to measure what represents a fair and just tax obligation for the District of Columbia by a yardstick consisting of comparisons with the self-assumed tax obligations in adjacent Maryland and Virginia. Some efforts in that direction have been made in the recent past. But in their current presentation to Congress, the Commissioners have gone into great detail to make the comparisons precise. They conclude, on the basis of such comparison, that the aggregate of local taxes in the District of Columbia is higher than in the suburbs; that additional local taxation is not feasible and, if imposed, would be of further detriment to an already shaken local economy.

Measured by any yardstick, the increases in local taxation and in local government costs in the past decade are extraordinary. In the past four years alone, tax levels in the District have been increased by more than \$30 million. The increases were imposed with the understanding that Congress would increase the Federal payment, an understanding repeatedly ignored in appropriations practice. So we continue from one financial crisis to another, brought about by a blind, visionless and unworkable policy of soaking the unrepresented local taxpayer with a financial obligation the all-powerful Federal Government refuses to assume.

More critical than the impending deficits, however, is the future of this beautiful city. Its changing population, the influx of low income groups and the flight of the higher income groups beyond its fixed boundaries; the steady increase in tax exempt property and the diminishing sources of local taxation pose problems to which Congress must give realistic study before it is too late. It is getting pretty late as it is.

[From the Washington Post and Times Herald of February 25, 1958]

STATE OF THE CAPITAL

The Commissioners have submitted to Congress, for the first time, a comprehensive report on the state of the Nation's Capital. Even a cursory review of the well-documented statement suggests that this kind of a presentation—in place of the haphazard, piecemeal messages which have been customary—was long overdue. For if Congress intends to continue acting as a combination city council-county commission-State legislature for Washington, it faces a staggering task. The list of urgent legislation, embracing virtually every aspect of local affairs, would be enough to keep any ordinary State or local governing body busy through a long session.

How Congress can be expected to find the time to deal adequately with this vast assortment of complex problems is difficult to imagine. But find the time it must, unless it is willing, and quickly, again to delegate its local legislative functions to an elected District government, as administrations of both parties repeatedly have asked. It is

unfortunate that the Commissioners chose not to emphasize this alternative.

In a sense, the strongest case for home rule is implicit in the kind of presentation the Commissioners made to the joint session of the House and Senate District Committees. Few Members of Congress sensitive to the growing burden of their national duties in this period of swift growth and change in domestic and international affairs can in good conscience undertake the local governing task which the Commissioners' message sets forth—unless they are also on record for restoring local government.

One fundamental and essentially simple part of this task, however, cannot be delegated. For Washington is not just another city. It has been and remains the special creature of the Federal Union, carved from a cow pasture to be the seat of government. The District's taxpayers are providing enough and more to support a normal city, more than some of their better-off neighbors in the Virginia and Maryland suburbs pay for local government. But if Congress wants to maintain the District as a fitting Capital, this special and added burden must be borne by the Federal Government. For half a century Congress has preserved and multiplied the restrictions on land use and local taxation which are essential to maintaining this special character for Washington. But never has Congress seemed to recognize that these restrictions are matters of municipal economics, that they cost money, and that that other money must be forthcoming if the restrictions are not merely to result in decay.

The city's tax base is steadily eroding as higher income residents and some of the business which they support seek better conditions outside the central city. Most cities face this problem. But none is so hobbled in its efforts to meet the situation as is the District. If the state of the Nation's Capital is not to grow steadily worse, Congress must reaffirm, in terms of an adequate Federal payment, its wish that Washington be a fitting seat of government. And it must also decide either to work overtime to handle the enormous backlog of vital local legislation or assign this job to elected representatives of the city's taxpayers.

Mr. BIBLE. I appreciate the Senator's contribution. I wish to say that the Senator from New York [Mr. JAVITS] is a very valued member of our committee. I assure him now that No. 1 on our agenda for consideration is the home-rule legislation.

Mr. BEALL. Mr. President, will the Senator yield?

Mr. BIBLE. I yield to the Senator from Maryland.

The VICE PRESIDENT. The time of the Senator from Nevada has expired.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the Senator from Nevada may be granted 2 additional minutes.

The VICE PRESIDENT. Without objection, it is so ordered.

Mr. BIBLE. I am glad to yield to the Senator from Maryland.

Mr. BEALL. Mr. President, I was present at the committee meeting yesterday. It was a most interesting meeting. In the 15 years I have been a member of the District of Columbia Committee, that was the first time I had ever known of a joint meeting by the committees of the two Houses.

Our chairman, the distinguished Senator from Nevada [Mr. BIBLE], is to be congratulated for having brought about this meeting. Not only did he make a

very fine presentation today, but the meeting yesterday, bringing the two bodies together, certainly can do only good for the District of Columbia and for our country.

Mr. BIBLE. I appreciate the kind sentiments of the Senator from Maryland, who is a very valuable member of the Senate committee.

ADJUSTMENT OF POSTAL RATES—AMENDMENTS

Mr. SALTONSTALL. Mr. President, on behalf of myself, the Senator from New Hampshire [Mr. BRIDGES], the Senator from Ohio [Mr. BRICKER], the Senator from Florida [Mr. SMATHERS], and the Senator from Kentucky [Mr. COOPER], I submit an amendment to the bill (H. R. 5836) to readjust postal rates and to establish a congressional policy for the determination of postal rates, and for other purposes. The amendment would strike from the postal rate bill all changes in the weight and size of parcel-post packages. I give notice that at the proper time, I shall call up the amendment. In the meantime, I ask that it be printed and lie on the table.

The VICE PRESIDENT. The amendment will be received, printed, and lie on the table.

Mr. SPARKMAN submitted an amendment, intended to be proposed by him, to House bill 5836, supra, which was received, ordered to lie on the table, and be printed.

Mr. HAYDEN submitted an amendment, intended to be proposed by him, to House bill 5836, supra, which was ordered to lie on the table, and to be printed.

Mr. JOHNSTON of South Carolina submitted amendments, intended to be proposed by him, to House bill 5836, supra, which were ordered to lie on the table, and to be printed.

Mr. MONRONEY submitted an amendment, intended to be proposed by him, to House bill 5836, supra, which was ordered to lie on the table, and to be printed.

PRICE SUPPORTS ON DAIRY PRODUCTS

Mr. JAVITS. Mr. President, New York is the second largest dairy State in the Nation. The impact on the overall economy of the State of the proposed support price reduction for milk, announced by the Secretary of Agriculture, could be seriously adverse, especially since no corresponding decrease is contemplated which would reduce the price of grain feeds which the dairy farmers must purchase. The coordination of price supports for milk and milk products and grain feeds is the key to this situation.

I also represent the largest consumers' market in the United States in the New York metropolitan area. This market is a heavy consumer of milk and milk products.

There is no question that I have supported and shall continue to support the flexible parity support price approach to the present farm problems. I also believe that a great revolution is taking

place in agriculture, requiring the use of fewer people and larger units of farm production, and that it is essential to conform ourselves to this revolution in the interests of the consumers of the Nation.

I believe tremendous foreign policy possibilities for peace are inherent in the use of agricultural surpluses, so as to enable the peoples abroad, especially in underdeveloped areas, to devote themselves to some industrialization and to enable them to live upon a standard at least not worse than they had before, while some of the people are taken off the land.

The use of the surpluses will enable us to do what the Communists do with the rule of the sword and whip, which has been so much in evidence in their farm collectivization programs. However, it is necessary to make all these activities move along together.

A legal situation is involved, in that the Secretary of Agriculture may find it necessary, legally, to reduce the support price for milk and milk products, because of the surpluses of those commodities, whereas he may not be able to do the necessary coordinating for barley, oats, and grain sorghums, which are used as feed for dairy cattle.

In full recognition of all these problems, and in no sense in opposition to the fundamental policy of endeavoring to rationalize our whole agricultural situation in the light of the revolution which is taking place on the farms, I propose to introduce a joint resolution to call for deferring the operation of the reduction in support prices for dairy products while Congress considers the legal situation and how to prevent serious injury to the dairy farmers as the result of such reduction, by making an overall approach to their problems at this session.

I respectfully submit that such an approach would give the Secretary of Agriculture, who at this time is under very heavy attack, an opportunity to testify before the appropriate congressional committees as to the validity of his position and the legal situation in which he finds himself, so the Congress may perhaps give him some legal relief, which he may need in order to coordinate the price of feed with the price of milk.

Again I emphasize that, in my opinion, fundamentally the farmers of the country must tell us what they want to have done with the \$5 billion, approximately, which the Congress is appropriating for agriculture, and which I entirely favor, in order to help the farmers make the necessary transition in connection with the revolution which is occurring on the farms. However, while that is done, we need to avoid, insofar as we humanly can, dislocation and serious damage to those who engage in farming for a living. That is the purpose of my joint resolution.

ADDRESSES, EDITORIALS, ARTICLES, ETC., PRINTED IN THE APPENDIX

On request, and by unanimous consent, addresses, editorials, articles, etc.,

were ordered to be printed in the Appendix, as follows:

By Mr. BUTLER:

Statement by him in commemoration of Brotherhood Week.

Statement prepared by him regarding Lithuanian Independence Day.

By Mr. TALMADGE:

Address entitled "Federal Judiciary Selection: The Letter, But the Spirit?" delivered by Senator STENNIS before the southern regional meeting of American Bar Association, Atlanta, Ga., on February 21, 1958.

Editorial entitled "Supreme Court, Custodian of Law, Stands in Need of Own Custodian," published in the Augusta (Ga.) Herald of February 19, 1958.

Editorial entitled "Government Liable for Benson's Folly," published in the Atlanta (Ga.) Constitution of February 19, 1958.

Editorial entitled "Squandering Our Money," published in the Griffin (Ga.) Daily News of February 19, 1958.

Editorial entitled "Law of the Land?" published in the Nashville (Tenn.) Banner of February 21, 1958.

By Mr. BEALL:

Address entitled "What Is Man, That Thou Art Mindful of Him?" delivered by the Honorable Theodore R. McKeldin, Governor of Maryland, at the Presbyterian social union annual banquet at Philadelphia, Pa., on February 24, 1958.

By Mr. GORE:

Resolution on emergency public works grants, adopted by board of directors, Tennessee Municipal League, and excerpt from text of address by President Eisenhower before National Food Conference, as published in the New York Times of February 25, 1958.

By Mr. MANSFIELD:

Article entitled "Leading Education Aid Proposals Concentrate Largely on Colleges," published in the Washington Sunday Star of February 23, 1958.

By Mr. KNOWLAND:

Article entitled "Labor Should Be Free in Our Republic," written by him for publication in the American Mercury magazine for March 1958.

By Mr. PROXMIRE:

Statement by Pure Milk Products Cooperative, Fond du Lac, Wis., before Senate Committee on Agriculture and Forestry, February 24-25, 1958.

Editorial entitled "One of Our Noble Men," published in the Milwaukee Journal of February 21, 1958, in tribute to the late Fred Papst.

Editorial entitled "Everybody's Doing It, Makes Mess Even Worse," published in the Milwaukee Journal of February 21, 1958, dealing with the subject of the conduct of independent regulatory agencies.

Editorial entitled "The Monroney Bank," published in the New York Times of February 24, 1958.

By Mr. THURMOND:

Two editorials, one from the Charleston (S. C.) News and Courier of February 20, 1958, and the other from the State, of Columbia, S. C., both relating to the death of Herbert Ravenel Sass.

Editorial entitled "The Courts Owe Children Relief," published in the Greenville (S. C.) News of February 24, 1958.

By Mr. SALTONSTALL:

Editorial on the importance of a liberal American foreign-trade policy, published by Life International in the Washington Post and Times Herald of February 25, 1958.

By Mr. NEUBERGER:

Letter on funds for cancer research, written by David L. Cohn, and published in the New York Times of February 23, 1958.

Editorial entitled "Justice to Indians," written by Charles V. Stanton, and published in the Roseburg (Oreg.) News-Review of February 17, 1958.

Pamphlet entitled "Street and Highway Safety," published by the Boy Scouts of America.

By Mr. SPARKMAN:

Article entitled "How Long Will This Recession Last?" written by Sylvia Porter, and published in the Birmingham News of February 18, 1958.

By Mr. THYE:

Article entitled "Mankato Firm Is State's Biggest Soybean Processor," written by Leonard Inskip, and published in the Minneapolis Sunday Tribune of February 16, 1958.

By Mr. MORTON:

Letter dated November 20, 1957, written to the President of the United States by Mr. Goodhue Livingston, Jr., chairman, policy committee, Committee for Collective Security.

Letter dated December 3, 1957, written to the President of the United States by Clarence E. Pickett.

Article entitled "Poles Present Sidney Harth, United States Violinist," written by Howard Taubman, published in the New York Times of February 21, 1958.

By Mr. HUMPHREY:

Four letters written by Seymour E. Harris, chairman of the department of economics at Harvard University, to various newspapers and periodicals.

By Mr. WILEY:

Pamphlet entitled "Brotherhood or Extinction," published by the Milwaukee Public Library under date of February 3-9, 1958.

Article entitled "Private Markets Likely To Play Larger Role in World Financing," written by Paul Heffernan, and published in the New York Times of February 23, 1958.

By Mr. CASE of New Jersey:

Letter from Mr. Harry B. Haines, publisher of the Paterson Evening News, editorial from the Evening News, and statement by Senator CASE of New Jersey, regarding the threat of a depression in the United States, and what to do about it.

NOTICE OF HEARING ON NOMINATION OF RAYMOND A. HARE TO BE AMBASSADOR TO THE UNITED ARAB REPUBLIC

Mr. GREEN. Mr. President, as chairman of the Committee on Foreign Relations, I desire to announce that the Senate received today the nomination of Raymond A. Hare, of West Virginia, to be Ambassador of the United States to the United Arab Republic.

Notice is given that the nomination will be eligible for consideration by the Committee on Foreign Relations at the expiration of 6 days, in accordance with the committee rule.

NOTICE OF HEARING ON S. 1642, FOR THE RELIEF OF CLAUDE E. CRAWFORD

Mr. ERVIN. Mr. President, on behalf of a special subcommittee of the Committee on the Judiciary, I desire to give notice that a public hearing has been scheduled for Tuesday, March 11, 1958, at 10:30 a. m., in room 424, Senate Office Building, on S. 1642, a bill for the relief of Claude E. Crawford.

At the indicated time and place, all persons interested in the proposed legislation may make such representations as may be pertinent.

The subcommittee consists of the Senator from Wyoming [Mr. O'MAHONEY], the Senator from Wisconsin [Mr. WILEY], and myself, chairman.

don't like Americans, we don't get along with Americans.

6. What do Americans think about Vietnamese people? Do they consider us as Negroes in America?

7. Is President Eisenhower influenced by big capitalists such as General Motors, General Electric, or other interests?

8. Why are there still a lot of white Americans do not get along with black Americans? Do they still have the impression that black Americans are their slaves?

I think America is a democratic and free country so such a colored separation must be ended. The trouble at Little Rock, do you think that was a big shame hung over America?

9. What do Americans think about the Russian man-made moon and the 150 atomic submarines?

I think that's a big mortification for American Government.

10. Do you agree with me that Americans do not have man-made moon because American spies could not work in Russia? (Russians control their country very rigid.)

11. How can Hollywood make James Deane more popular than President Eisenhower in Vietnam?

If America is really a democratic country, I am sure that your Government will let you answer all of my questions.

Sincerely yours and thanks,

Miss LEMMY.¹

INGREDIENTS AND REQUIREMENTS IN CONGRESSIONAL INVESTIGATIONS

Mr. BUTLER. Mr. President, I ask unanimous consent to have printed in the body of the RECORD an article entitled "Where the Chips Fall" by C. P. Ives, of the Baltimore Sun. Mr. Ives' analysis of the variable ingredients and requirements in congressional investigations is most interesting. His incisive viewpoint seems worthy of our attention and consideration.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

[From the Baltimore Morning Sun of February 24, 1958]

WHERE THE CHIPS FALL

(By C. P. Ives)

Suppose that at the height of the recent investigations into Communist infiltration of the Government a Red-baiting chief of counsel for a Senate investigating committee had fallen out with his committee because he said it was shielding Government personalities mixed up with communism. Suppose the counsel had thereupon bundled up a batch of confidential committee documents and lugged them off for the unauthorized inspection and the voluble comment of a super red baiter in the other House.

Suppose that all during this spectacular exercise in parliamentary disorder, names were dripping out of the peripatetic documents and out of the lobby hearsay, names tied into allegations of wholly unproven subversion and criminality, names of Presidents, of Presidents' wives and their in-laws, of Vice Presidents and Cabinet members, etc.

We know what would have happened because it all did happen in the Communist inquiries and on infinitely less provocation. There would have been outcries against witch-hunting, against guilt by association, against the smearing of innocents.

Just such expostulations in the Communist investigations led, as a matter of fact,

to basic reforms in investigating procedures. In 1955 the House of Representatives adopted a series of investigating ground rules reported for a special committee by Representative CLYDE DOYLE.

The Doyle rules granted certain important protection to witnesses and were thereafter at the disposal of people before the Committee-hunting committee of the House. But when the subcommittee on legislative oversight proposed the same privileges for witnesses in its current inquiry into the Federal Communications Commission, there was an almost total lack of enthusiasm on the liberal and intellectual left.

The fact is that the riotous agencies investigation of these last few weeks is further proof of the sociological maxim formulated by Prof. Reinhard Bendix, of the University of California: "Taking a negative approach to business * * * is a matter of course in intellectual circles." Or, to put it another way, while you mustn't bully people mixed up with communism, man, it's different with businessmen and their pals in Government.

Not, however, that this may be said of all those who raised a shout against committee abuses in the communism investigations. The American Civil Liberties Union, for one, eloquent against committee roughhandedness then is eloquent against roughhandedness now.

The day after the legislative oversight committee began probing into the affairs of FCC Chairman Doerfer, the ACLU got off a telegram to the committee chairman demanding the right of cross-examination for witnesses. This was exactly the claim made by the ACLU in the communism investigations and the reasons were identical:

"The charges made concern possible violations of law, and because of their gravity, the right of cross-examination of witnesses by the accused if he desires, should be allowed."

Now the Legislative Oversight Committee has not accorded the right of cross-examination, nor did the Doyle rules when originally adopted by the House. The reason is clear enough, and is cited, though held insufficient, by the ACLU itself.

In brief, cross-examination is peculiarly a court procedure, one appropriate and indeed essential when guilt is being established or innocence sustained. But it is elaborate, time consuming, subject to a variety of technical rules, all keyed as much to the legal maxim that it is better for many guilty men to escape than for one innocent man to suffer, as to mere objective factfinding. And just for these reasons, the wariest congressional investigators are against bringing into their factfinding process a technique designed for quite different purposes.

But the sidelines and lobbies are crowded with people who wanted unfriendly witnesses in the communism inquiries to be able to cross-examine, but have shown no such anxiety in behalf of the men before the FCC investigation. The simple across-the-board fairmindedness of the Civil Liberties Union is not a universal phenomenon on the left.

And one further reflection is in order. The agencies' probe shows that the committees have come quite unparalyzed through the many efforts to paralyze them in the communism inquiries. They still operate with effectiveness, turning up skulduggery in the agencies as effectively as they turned up (and still turn up) subversive infiltration. The moral is that if you want to keep an instrument sharp, you can't be too selective about where the chips fall.

READJUSTMENT OF POSTAL RATES

The PRESIDING OFFICER. Is there further morning business? If not, morning business is concluded, and the Chair lays before the Senate the unfinished business.

The Senate resumed the consideration of the bill (H. R. 5836) to readjust postal rates and to establish a congressional policy for the determination of postal rates, and for other purposes.

Mr. MANSFIELD. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER (Mr. TALMADGE in the chair). The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER (Mr. HOBLITZELL in the chair). Without objection, it is so ordered.

The committee amendment strikes out all after the enacting clause and inserts a complete substitute for the bill.

Under the precedents of the Senate, in such a case, the committee substitute is not regarded as an amendment in the first degree, but as original text for the purpose of amendment.

Any amendment proposed to the committee substitute is therefore an amendment in the first degree only, and it itself is subject to amendment, which would be in the second degree.

When no further amendment is to be proposed, the vote will be taken on the substitute, whether or not amended.

If the committee substitute is agreed to, no further amendment is in order.

Mr. CARLSON. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. CARLSON. Am I to understand from the statement of the Chair that during the consideration of the postal rate bill the substitute bill will be open to amendment; that once it is amended, and agreed to as amended, no further amendment may be offered?

The PRESIDING OFFICER. When the committee amendment is agreed to, no further amendment will be possible under the rules.

OPPOSITION TO POSTAL RATE INCREASES

Mr. MORSE. Mr. President, before I proceed to discuss the subject to which I wish to direct my major attention this afternoon, I should like to insert a few items in the RECORD.

I have received a telegram from Miss Eleanor Stephens, State librarian of the State of Oregon, in opposition to the proposed book rate increase in the pending bill. She says:

SALEM, OREG., February 24, 1958.

HON. WAYNE L. MORSE,
United States Senate,
Washington, D. C.:

Will you please support the amendment which Senator RALPH W. YARBOROUGH is offering to postal rate bill, H. R. 5836, which strikes out the book rate increase. Oregon citizens and libraries borrow heavily from the Oregon State Library and need the best possible rate for interlibrary loans.

ELEANOR STEPHENS,
State Librarian.

I ask unanimous consent to have printed in the RECORD at this point as a part of my remarks a similar telegram on this phase of the postal rate problem, which I have received from Mr.

¹ A pseudonym.

Glen W. Cruson, representing the Oregon printing industry.

There being no objection, the telegram was ordered to be printed in the RECORD, as follows:

PORTLAND, OREG., February 24, 1958.

Senator WAYNE MORSE,
Senate Office Building,
Washington, D. C.:

The 66 $\frac{2}{3}$ -percent increase in third-class postal rates is discriminatory, especially in view of earlier increases, and will drastically reduce production in Oregon printing plants, thereby adding to unemployment. Mail users here are cancelling advertising plans beyond probable date of increase. All Oregon business and employment will suffer as result—request intensive efforts to reduce rate voted by Post Office Committee and to prevent tying rate bill to salary bill.

GLENN W. CRUSON,
Oregon Printing Industry.

Mr. MORSE. Mr. President, I ask unanimous consent to have printed in the RECORD at this point as a part of my remarks certain telegrams in support of the position I have taken in opposition to a 5-cent postage stamp on first-class mail and therefore a 5-cent tax on the letterwriters of America.

There being no objection, the telegrams were ordered to be printed in the RECORD, as follows:

NEW YORK, N. Y., February 24, 1958.

Senator WAYNE MORSE,
Washington, D. C.:

Saw reports of your splendid speech against first-class postal increase. In this connection let me call your attention to amendment to be offered on Senate floor tomorrow to strike proposed 25-percent increase in book rate. Hope you will support this amendment which avoids even more unfair load on schools, libraries, and particularly on western book buyers who rely on mails.

KEN MCCORMICK,

PARIS, ILL., February 24, 1958.

Senator MORSE of Oregon,
Senate Office Building,
Washington, D. C.:

I want to thank you for your courageous fight against the increase in postal rates. The increase will have a bad effect on the country's recovery. You should make public every Member of Congress who publishes a newspaper who is making the public pay their transportation.

ALVA F. ADAMS.

YANKTON, S. DAK., February 24, 1958.

Hon. WAYNE MORSE,
United States Senator,
Senate Office Building,
Washington, D. C.:

DEAR SENATOR MORSE: We small-business men appreciate your effort in the fight against postal-rate raises. Anything you can do to prevent its final passage in the Senate will be a help to every citizen.

SID GURNEY,
Gurney, Inc.

Mr. MORSE. Mr. President, I ask unanimous consent to have printed in the RECORD at this point as a part of my remarks a statement by Horace H. Nahm, president of Hooven Letters, Inc., of New York City, president of the Association of First Class Mailers.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

STATEMENT OF HORACE H. NAHM, PRESIDENT, HOOVEN LETTERS, INC., NEW YORK CITY, PRESIDENT, ASSOCIATION OF FIRST-CLASS MAILERS, BEFORE SENATE POST OFFICE AND CIVIL SERVICE COMMITTEE, FEBRUARY 6, 1958.

My name is Horace H. Nahm. I live on Long Ridge Road, Stamford, Conn. I am president of Hooven Letters, Inc., of 352 Fourth Ave., New York City, a director of the Advertising Club of New York, a past director of the Direct Mail Advertising Association, and the American Institute of Graphic Arts, and also president of the Association of First Class Mailers, an organization of some 350 individuals and business firms. It is in the latter capacity that I appear today to protest the proposed increases in first-class mail rates.

Mr. Summerfield has told you that your constituents are willing and even anxious to pay higher postal rates. If you believe it is true that your constituents are anxious to pay 66 $\frac{2}{3}$ percent more on their out-of-town first-class mail (which is two-thirds of all first-class mail) and 33 $\frac{1}{3}$ percent more on their local mail, then you have every right and every reason to vote for his proposal. If any such willingness exists, it is as a result of the specious propaganda that has been fed to the American public by the Post Office Department at great expense to the public.

If, on the other hand, you share your constituents' displeasure at the rising cost of living and agree with them and me that the Government should not inflate a price over which it has absolute control, then you will take a hard, second look at this proposal and, I hope, defeat it.

The direct rate increase is only part of the story. Mr. Summerfield's assistant, Mr. Gillette, admitted before this committee on January 28 that the increase in postage rates would be passed on by business firms in the form of higher prices.

In other words, this \$700 million rate increase may well turn out to be a billion-dollar boost in business and living costs at a time when the people are crying out for relief. For some businesses, such as public utilities, the higher costs will be built into their rate bases as a matter of law. If the costs are not passed on by business, then profits will be reduced and internal revenue will be the loser.

Everybody loses under this proposal. The Treasury will gain considerably less than the estimated \$700 million increase in revenue for the reason that these drastically higher rates will undoubtedly reduce mail volume, and this will reduce revenue. Look at the record of the Government post card when increased from 1 to 2 cents. The Post Office will not gain, for a rate increase will not make it more efficient. The people will not gain, for they will be faced with higher prices for the thing they buy, higher rates for the postage they pay for, and absolutely no promise of better postal service.

Not only that, but the costs of local and State governments will also increase—to be met by higher taxes. Our association recently sent out a questionnaire to the States and representative cities, asking them how they would be affected by an increase in postage rates. The replies have only started to come in, but I do have a report here from Atlantic City, N. J., a city of only 61,600 population. Last year Atlantic City's postage bill (municipal government only) was \$14,164.81, almost entirely first class. This would be increased almost \$5,000 under the rate increase now before you. This drain on hard-pressed city and State budgets will, I am sure, be reflected all across the country. Municipal officials and, in turn, their constituents, will be aware of the fact that this

is a congressionally administered price increase.

The increase to the Federal Government will also be significant. As just one example, the Treasury Department mails out about 211 million checks per year. At 5 cents instead of 3, the postage for that 1 item will come to over \$10 $\frac{1}{2}$ million instead of just under \$6 $\frac{1}{2}$ million. All the other Federal agencies from which Mr. Summerfield collects postage will have similar experiences.

The misleading information about this rate increase is typical of that which the people have been fed for the past several years. The greatest amount of misinformation centers on the so-called deficit, which is, roughly, less than half the size claimed for it since some \$400 million of Post Office costs are considered by this committee's own advisory council to be public-welfare costs that ought to be met out of general revenues and not postal receipts.

Even as far back as 6 years the accounting firm of Price Waterhouse & Co. found the Post Office was giving away or selling below cost \$274,470,674 in measurable public services.

Millions of Americans have read Senator JOHNSTON's revealing article in the February Reader's Digest. I can assure you they take a dim view of paying two-thirds more for postage stamps when the so-called deficit is created by such things as the annual census of deer and grouse on the upper Michigan Peninsula. And that's not all.

Maintaining a rural post office where the postmaster's salary far exceeds receipts is probably an essential deficit enterprise, but it is a public-welfare cost which should be shared by all the people and not just the mail users. The same goes for the 135 horse-back mail routes, the 96 shallow-draft boat routes, and the 32 private-airplane routes. These are essential public services. They come under the general-welfare clause of the Constitution.

Selling duck stamps for the Department of the Interior may be a legitimate post-office activity, but it is a public welfare item whose costs should be met out of general revenues and not postal receipts.

The 20 million pounds of mail carried free for the blind each year is obviously in the public interest, but should the bill be paid by the people as mail users or by the people as general taxpayers?

These are only a few examples of the non-postal costs and the outright subsidies included in the so-called deficit. They all add up to a considerable amount of legitimate public service rendered by the Post Office Department, but Mr. Summerfield is consistently silent on this role his Department plays, preferring to persuade the people that the Post Office is a crass business enterprise and not a governmental service. He fails to point out to the people that his department recovers more of its appropriation through charges for its services than any other agency of Government. In fact, he never refers to his congressional appropriation as an appropriation; he calls it a deficit the minute he receives it.

I have heard it reported that the General Accounting Office has made a secret report on the costs of Mr. Summerfield's information, or what I would call publicity, program. I would hope that this committee obtain a copy of this report and let the people know what is in it.

Gentlemen, you cannot escape this hard fact: First-class mail, the historic money-maker of the Post Office Department, is being asked to pay (by Summerfield's own admission) 140 percent of its costs in order to make up the losses in other classes of mail

and to meet the public-welfare costs of the postal system.

I believe you can rightfully look for a strong popular protest if this extra load is saddled on first-class mail. The reason is that people generally suspect that first-class mail is paying its way, and they are right. It is paying its way. In table 99 of the 1956 cost ascertainment report of the Department (the latest figures obtainable by the public), first-class letter mail, which makes up 93 percent of all first-class mail, is shown by the Department's own figures to return an excess of revenue over expenses. It is not until the Department introduces a new estimated reallocation of costs for intangible factors (table 100) that first class is alleged to be a money-loser—and to the tune of \$346,170,000. In other words, only by saddling first class with losses in other classes and with public-welfare costs can it be shown to lose money.

The amount arbitrarily added to first-class costs is \$316,305,667. This is followed by a \$167,550,431 credit to second class. This figure juggling flies in the face of the fact that compared to second-class mail, first class produces over 15 times the total revenue, represents less than one-third the total weight of the 2 classes, $3\frac{1}{2}$ times the revenue per piece, one-thirteenth the weight per piece and 47 times the revenue per pound. Yet for some strange reason it is proposed to load \$316,305,667 additional on first-class cost figures and subtract \$167,550,431 from second class.

We do not intend this comparison between first and second class to imply that second-class rates should be raised a little or a lot. As a matter of fact, everyone knows that a great deal of the second-class deficit results from the one-eighth-cent minimum on lightweight publications. As a matter of policy, Congress has always provided for a low second-class rate as a means of disseminating news, culture, information, and literature to the people, and I believe this policy will be continued to a greater or lesser extent. We simply use these figures to show the magnitude and the unfairness of the load proposed to be put on the accepted profitmaker of the Post Office.

I am sure you are aware that Mr. Summerfield is even hinting at 6 cents as the proper rate for first-class mail. He attempts to justify this rate on the ground that the dollar is worth half today what it was in 1932 when the present 3-cent rate replaced the old 2-cent rate. Is Mr. Summerfield saying that anything that has not increased 100 percent in price since 1932 should immediately be raised to that level? What kind of economics is that? And how does this square with the President's request that we all hold the line?

Mr. Summerfield fails to point out that the 1932 increase was not a postal-rate increase in the ordinary sense; it was initiated by the revenue-raising House Ways and Means Committee as a tax to be paid regardless of the cost of service.

For 26 years first-class mail has more than paid its share of the postal service. It should not be subjected to another increase, which would be purely a tax on the users of the mails.

The split rate proposed by Mr. Summerfield (local and nonlocal) would be administratively difficult if not impossible. Several years ago the Post Office felt it would be impossible, but now it is minimizing the difficulties in its eagerness to raise the rates.

I think Senator Proxmire has a valid point when he suggests that the split rate would work a hardship on the small-town user, particularly the small-business man—so much of whose correspondence is out of town and thus subject to the top rate of 5 cents. The small-business man is having a very rough time. The need to protect his solvency is well understood and much lipservice is given him. How is it reasonable to increase his

postal bill, one of his basic costs of doing business, and at the same time talk of helping him to survive?

The suggestion is made that 1 cent of the 2-cent rate increase be used for post-office modernization. Unquestionably, the post office needs modernization. We have the statement of the former Assistant Postmaster General, Mr. Stans, made in a speech in Milwaukee a few years ago, that the Department is "antiquated, antediluvian, obsolete, and tradition-ridden." Despite the Postmaster General's claim that he is handling a greater volume with fewer people, it is well known that the man-years of employment in the Post Office is up considerably. But why should the user be forced to foot this bill? For 40 years the Post Office has wasted millions of the user's money, and now it proposes to slug him with a two-thirds increase to make up for it.

It makes much more sense, as Senator JOHNSTON has proposed, to authorize the Post Office Department to borrow \$2 billion from the Federal employees retirement fund for this purpose. This money now draws $2\frac{1}{2}$ -percent interest. The Post Office could pay $3\frac{1}{2}$ percent, thereby adding more to the fund and at the same time reducing the interest rate on money it can borrow elsewhere.

Cards and airmail are also a part of first class. I will not use up any more of your time discussing these increases, since I appeared before your committee as recently as August 20, 1957, to protest against them, and they are not changed in the new Summerfield proposal. Suffice it to say that the proposed increases on cards and airmail are still unrealistic and still unjustified.

But for the rest of my testimony I beg your indulgence for a brief repetition of what I have said in several appearances before this committee and its counterpart in the House of Representatives. I want to repeat them, because they are even more pertinent today than they were a year ago. These remarks concern (1) efficiency in the Post Office Department, and (2) the effect of postal rate increases on business.

(1) If the catch phrase that is bandied about, "the Post Office Department should operate like a business, and its users pay their way," is to have genuine validity, then the inescapable conclusion must follow that it must be operated in a businesslike way. It must be treated as a medium to receive and deliver mail, with the same freedom as any business to eliminate wasteful practices in buildings, personnel, transportation, and purchasing practices.

It requires a curious double standard of thinking and speaking to clamor loudly for businesslike balancing of intake of revenue from users against costs and yet disregard the well-known facts of life of traditional post office operating practices. Compare the technological advances of any widely operated organization such as the phone company, a public utility, an auto manufacturer, with the lack of progress in the Post Office Department.

(2) Most small businesses depend on first-class mail to conduct their business activities, some for advertising and promotion, all for mailing bills, checks, and correspondence with customers and suppliers. First-class mail is often their precious substitute for manpower in their competition with big business.

It is unfair and discriminatory to load any part of the public service and deficit breeding practices of the post office on the small-business man—he can't afford it. Don't soak the small-business man with unfair postage-rate increases.

Incidentally, about a year ago the President of the American Newspaper Publishers Association, a representative of the National Editorial Association, representatives of 3d and 4th class mail users and I as representative of 1st class mailers went to see

Secretary of Commerce Weeks personally and pleaded with him to conduct a survey of the impact of these proposed rate increases on business. Absolutely nothing has come of it. And when Mr. Weeks appeared before the House Post Office Committee last year he indicated his Department had no information on the subject and conceded that the views of the Small Business Administration had never been sought.

The impact of postal rate increases on department stores, specialty shops, and others with their monthly bills and statements will be drastic. They will experience a radical cost increase at a time when they are struggling to make a profit. It will create another cost of doing business which they will of course pass along to the public if they can.

As to big public utilities and insurance companies, they will be loaded with a tremendous cost of notices, regular bills, etc., an added cost to be passed along to the public in future rate making.

As to big business it is just another cost to come off their profit statement—and half or more of it off their tax bill.

Now as to the use of first-class mail as advertising. About 10 percent of all first-class mail is advertising—or roughly 3 billion pieces. These are a part of the great business building effort that is the foundation of our prosperity. A decrease resulting from increased postage rates can have an adverse effect of unknown dimension on our economy. One of the recommendations of the Senate Advisory Group is that the executive branch be directed to make a survey of the impact of increased postal rates on the economy.

In general, however, postal rate increases will directly reduce corporate and unincorporated business profits. The result is reduced tax payments perhaps of 30 percent to 50 percent of the amount of the increase. Budgetwise the Post Office Department's gain is the Department of Internal Revenue's loss.

Certainly, businessmen are willing to pay their own fair share of postal costs. However, before rates are increased the Congress should make a true statement of postal policy and not burden business with post office practices not based on the service they require which is the delivery of the mail.

A final word on this matter of the impact of postal rate increases on business. You are aware, no doubt, of the fact that both the National Association of Manufacturers and the United States Chamber of Commerce go along with the Summerfield rate increases. When the government economy committee of the NAM attacked the so-called post office deficit, I was asked to become a member of the postal affairs committee, and I submitted a memorandum which in my opinion covered certain vital points overlooked by the NAM. For example, the NAM's postal policy statement made very little mention of the functions of the United States mail as a vital economic factor in the distribution of goods produced by manufacturers.

In my memorandum I quoted the following statement from David F. Austin, executive vice president, United States Steel Corp., before the 61st congress of American industry in New York City:

"Unfortunately, today too many people think production is the key to the solution of all our problems, despite the fact that it is obvious that we can produce from now until the end of time, and unless we sell the output, the result is an unhealthy inventory and a sales-liquidation problem entailing frightful losses. This is not a visionary picture; it has happened often and can happen again. It has always been true that too many people go into business because they know how to make a product, while too few people go into business because they know how to sell a product. The sellers—the merchandisers—the commercial men—are the prime movers in the economic picture. It is much

more important for a business to own a market than a mill."

It is variously estimated that \$15 billion to \$25 billion worth of merchandise is moved by sales or sales promotion by the United States mail. Just as tinkering with tariffs threaten the economic welfare of American manufacturers—so tinkering with United States mail postage rates threatens a considerable segment of the manufacturers of the United States.

Small tariff changes may seem insignificant to the uninformed—but carry heavy impact. The manufacturers who depend on the mails for orders and sales promotion are similarly affected by seemingly small changes in the postal rates.

It is a fallacy to think that small manufacturers are the only ones affected. Many large manufacturers may sell 10 to 30 percent or more of their output to mail-order sellers who will be affected. Large soap, food, automobile, and other manufacturers use the United States mail for large sales promotion efforts.

The small retailers and small-business man depend on the United States mails for sales and sales promotion. The prosperity and purchasing power of the small retailer and business man is of vital interest to NAM. The United States mails are a basic factor in his ability to compete with big organizations and to pay wages and profits and to make customers for the products of industry. Big manufacturers, Du Pont and many others publish educational material to help their small customers use direct mail more effectively to move merchandise.

Many efforts are being made to help the small-business man, among them tax relief on small corporation and business profits. It would be a negation of this effort if the small-business man's most effective advertising and business medium—first- and third-class mail—were to be burdened by rate increases.

Much more could be said, but in brief: From coast to coast the economics of the distribution of an estimated fifteen to twenty-five billion dollars' worth of merchandise is dependent in one way or another on the United States mails.

There is another important factor in this economic picture—the individual user of the mails. If postage stamps cost too much he will be proportionately reluctant to order by mail—to send in inquiries in response to advertising, to mail greeting cards and perhaps to pay his monthly bills. Public utilities with their millions of bills, department stores, retail stores, all will be unfairly burdened.

Before the citizen user of the mail is taxed to pay the public service and excessive costs of the Post Office Department, the Congress should definitely make a statement of postal policy and then set rates—not have a stamp tax on the user of first-class mail to the benefit of the other classes, or of the general public.

Gentlemen, all I am suggesting here today is that the Congress keep the horse in front of the cart: That you first establish a basic postal policy, at the same time giving the Post Office Department all impetus available toward a big-scale modernization program that will make the American people proud of their postal service, and then examine rates realistically.

Mr. MORSE. Mr. President, I ask unanimous consent to have printed in the RECORD at this point as a part of my remarks a very able article written by the Chairman of the Senate Committee on Post Office and Civil Service, the distinguished Senator from South Carolina [Mr. JOHNSTON]. The article which is entitled "How To End Our Post Office

Mess Permanently," was published in a recent issue of the Reader's Digest.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

HOW TO END OUR POST OFFICE MESS— PERMANENTLY

(By Senator OLIN D. JOHNSTON, Chairman, U. S. Senate Committee on Post Office and Civil Service)

For 13 years I have been sitting on the Senate Post Office and Civil Service Committee; for 7 of those years as its chairman. This is not a popular committee; few Senators seek membership on it. No committee involves more headaches or attracts such pressure from politicians, lobbyists, Government employee unions and plain citizens. For the Post Office is not only the Department most intimately in touch with the entire population; it is also the most misunderstood and maligned. And, frankly, it is in a mess.

The proportions of this mess are staggering.¹ Although mail volume has doubled during the past 15 years, the increased business has not brought costs down; instead inflation and inefficient handling have pushed deficits way up—to the point where the Department spends \$2 million more per day than it receives. Service has become poorer, deliveries less frequent. Even the Postmaster General admits that the operations are "deplorable."

It has long been my ambition to see the United States Post Office, the largest in the world, become the most modern and efficient. Because of that goal and because my committee work has given me access to full information, I consider it my duty to set down the straight facts of the present situation and to offer a plan which, if carried out, would go a long way toward putting the post office on a proper basis.

Two basic points must be kept in mind as we consider this subject:

First, our post office was not designed to make money for the Government. Created by the Continental Congress in 1775, it was conceived as a service to the people, in contrast to the practice in other countries, where post offices were run as money-makers for kings.

Second, the money you pay for such post office purchases as stamps does not go to the post office. Every cent the post office receives goes into the general fund of the treasury. Every cent it spends comes from appropriations by Congress. When revenues are less than the congressional appropriations, we have the familiar post office deficit.

Few people realize, however, that every post office deficit is partly a "phantom" deficit because it results from charging as costs a huge variety of operations, which the post office carries on for other Government agencies or in the interest of the Nation's general welfare. I doubt that many citizens know, for instance, that rural postal carriers each fall take a deer and grouse census on the Michigan Peninsula. Or that, in acting as agent for the Department of Interior in selling migratory bird hunting stamps (wherever you live, if you want to hunt waterfowl, you must have a "duck" stamp in addition to your State hunting license) our post offices last year sold 2,332,014 such stamps.

Every year our post offices register aliens for the Department of Justice—2,565,262 in January 1957 alone. In addition, every time an alien changes his address he must re-register—meaning more post-office work. In 1,400 communities the post office is the only place where citizens can buy or redeem

Government savings bonds and stamps. Also, the post offices sell the Treasury Department stamps used whenever a transfer of property, stocks, or bonds requires a Federal tax.

Federal agencies continually turn to the Post Office Department when they are faced with a job that necessitates reaching into every nook and cranny of the land. The post offices store and distribute income-tax forms by the millions for the Internal Revenue Service, help make surveys of vacancies for the Federal Housing Administration, assist civil service in spreading information about examinations for Government positions. Some post offices provide the only notary service in their communities. When a war veteran dies, 3 out of 4 families turn to a post office to file application for a flag for the funeral. Post offices also receive and transmit funds for many volunteer charities—12 nationwide campaigns a year (heart, cancer, polio, and others)—that are advertised over radio and television with the familiar final word: "Just hand or mail to your postmaster."

Did you know of all the free postal services provided for the blind? Books, pamphlets and other reading material in raised characters or on records are carried free. So are magazines for the blind, if they carry no advertising and there is no subscription charge. Altogether in a year the Post Office carries free more than 20 million pounds of such mail.

Among other free services is the delivery of newspapers in the county of publication—some 380 million copies last year. Also, there is free registered mail for Government agencies, free mail for the Pan-American Union and Pan-American Sanitary Bureau, free mail for widows of Presidents. Publications issued by nonprofit fraternal, religious, and scientific groups are moved at special low rates set without relation to cost. In 1956 more than one and a half billion pieces of such nonprofit mail were handled. Also, low rates of postage are charged for all the 25,000 newspapers and magazines that are delivered by second-class mail—a recognition of their educational value.

One of the most valuable services performed by our post offices is the distribution of books at low cost. A 2-pound book can be mailed anywhere in the United States for 12 cents, less than one fourth the charge for mailing a parcel-post package of that weight across the country—and we are a better-read Nation as a result. Libraries get an extra-special rate. I graduated from a small college in South Carolina which can borrow a book from the large libraries at the University of Virginia or Duke or Georgia Tech, for example, at a mailing cost of only 5 cents. Last year for libraries alone the Post Office delivered about 7 million books.

The postal card, once called the poor man's letter, is another public service. It was started 85 years ago because Congress thought the public should have a 1-cent communications medium. More than 3 billion post and postal cards are mailed annually, and even at today's 2-cent rate the sender pays only about two-thirds of the mailing cost. We also mail about a billion Christmas cards in unsealed envelopes, with a loss of about 1 cent on each.

Rural free delivery is perhaps the most conspicuous contribution to public welfare. Senator FRANK CARLSON, chairman of the Post Office Committee when the Republicans last controlled the Senate, once said: "I do not see how anyone could justify R. F. D. except as a service by the Government to its citizens."

When I was born in 1896, R. F. D. was just getting underway experimentally, a milestone in relieving the drabness and loneliness of farm life. It has played a major role in

¹ See Our Horse and Buggy Mails, the Reader's Digest, May 1957.

advancing the national economy since. R. F. D. carriers today number 18,300, drive a total of 1,500,000 miles each weekday, and serve 35 million people. Areas with as few as 3 families per square mile get R. F. D. and 11,569 even more sparsely populated areas are handled by contract. There are 135 horseback routes, 96 carriers using shallow-draft boats, and 32 routes using planes—for instance, out of Sandusky, Ohio, to a group of islands in Lake Erie. In fiscal 1956 the expenses of R. F. D. exceeded revenues by \$205 million.

Many of our third- and fourth-class post offices exist simply as places where people come to pick up their mail. They don't take in enough revenue to equal the postmaster's salary. In 1956, these 28,058 offices had revenues of \$58 million against expenditures for postmasters and clerks of \$113 million. Obviously, some third- and fourth-class offices are considered political necessities; these might be dropped and good mail service provided by other means. But, in the main, public service rather than profit or loss must be the postal yardstick.

All of these services are part of the great tradition of the United States Post Office. We do not want to see them curtailed. Back in 1865 the Post Office spent \$749,900 on routes from Kansas to California which brought in revenues of only \$23,900. The first letters sent to Alaska cost \$450 apiece to deliver. That type of public service is what built and unified this country. Similarly, our costly rural free delivery, our preferential treatment of scientific and other publications, our special low library rates—all these help build a stronger Nation. How much do they cost?

Last February a Citizens' Advisory Council, set up by Senate resolution, reported to our committee that public services performed by the Post Office in 1955 cost \$392,400,000. These were the measurable items and did not include the costs of 11 services I have enumerated here. Before the council investigated, the accounting firm of Price Waterhouse & Co. made a study for the Post Office Committee. It found that in 1952 the total value of measurable public services that the Post Office was giving away or selling below cost came to \$274,470,674.

My own opinion is that these public services cost the Post Office well over \$300 million, but I have no intention of getting into a bookkeeping debate. Instead, I wish to point out what I believe we should do to make our Post Office the best in the world:

1. Establish a basic postal policy. Congress should adopt a modern Post Office policy which defines precisely what costs are to be borne by mail users and what costs are to be borne by the Government because they are public services. When you mail a letter, its stamp should be expected to pay for postal services and not for public services such as counting grouse or surveying housing. The Hoover Commission put it this way: "There are good reasons why the nationwide facilities of the Postal Establishment should be available to perform certain functions for other departments and agencies of the Government. There should be no question, however, that the Post Office is entitled to reimbursement in some manner for such services."

2. Raise postal rates rationally: Once we determine what true mail costs are and agree on uniform, permanent ground rules for meeting them, we may still be compelled to raise postal rates. The first-class letter rate will probably have to be raised to 4 cents. (I think most people are reasonable enough to be willing to pay 1 cent more—a 33½ percent increase—for an item in 1958 than they paid for it in the depression 1930's.) Second-class rates have already been increased 30 percent, but they'll probably have to be increased further. Similarly, there must be

a rise in third-class rates, already increased 50 percent. I would not say precisely what increases should be made; I do not believe anyone can make a businesslike forecast of that until Congress sets the fundamental postal policy.

3. Modernize the postal system: Neither a new postal policy nor higher rates will solve the basic Post Office problems. They spring from antiquated plants, equipment and processes. That's agreed on by Post Office officials, postmasters, and management firms which have investigated. It's the reason increased volume doesn't bring down costs. So I believe we should launch a long-range, big-scale modernization program for the construction of efficient buildings, streamlining of facilities, development of advanced mechanical devices.

It takes huge sums to get efficient physical facilities for any nationwide communications system. Since the end of World War II the Bell Telephone System, for instance, has obtained from the public \$10 billion of new capital for the expansion and modernization of its physical plants. In the long run, when correctly handled, these investments pay for themselves. To pay for the Post Office modernization, I have proposed that the Postmaster General be authorized to borrow \$2 billion from the Federal employees' retirement fund. Retirement funds are now invested in Treasury bonds at an interest rate of 2½ percent. The Post Office could pay 3½ percent interest for the use of the money, thereby adding to the fund for the benefit of Federal employees. Since the Post Office must now pay 4 percent interest on the limited money it can borrow, all would gain from this proposal.

4. Increase employee efficiency. Postal employees have received but one small increase in wages since 1951. Many are compelled to take extra jobs after hours in order to meet the present high cost of living. If we are to expect maximum efficiency from a worker, we must pay him a wage that will enable him to concentrate on his skill. An adequate increase in postal wages is necessary and would, in my opinion, pay big dividends in production.

If these four steps are taken by Congress, I believe that in a few years we can get out of this postal mess and have the best mail service in the world.

HIGH HELLS CANYON, THE DAM THAT WON'T DIE

Mr. MORSE. Mr. President, I now turn to a subject which for some years past I have discussed from time to time on the floor of the Senate.

Mr. President, the high Hells Canyon Dam simply will not lie down and die. The gravediggers have been hard at work; the administration and private utility pallbearers have been wearing their swallowtail coats and striped pants for 5 years, ready to carry it out; the propagandists have written and rewritten its obituary. But the proposed high dam is too vital to oblige.

There are two basic reasons for this: First, it remains the best engineering development on the Snake River, without which the Columbia Basin would be underdeveloped for all time; and, second, the people of the Pacific Northwest know it is so. That knowledge continues to spread across the country.

FPC DECISION PROVES HIGH HELLS CANYON NEED

The latest evidence of the superiority of and need for high Hells Canyon is contained in the recent Federal Power

Commission decision in the Mountain Sheep-Pleasant Valley case.

On January 20, 1958, the Federal Power Commission issued its decision in that case denying the Pacific Northwest Power Co. license applications for two relatively small dams in the Middle Snake River. If the basic criteria used in that decision had been applied in the Hells Canyon case, the Federal Power Commission would have thrown out the Idaho Power Co. applications.

In the first place, in the recent case the Federal Power Commission placed considerable emphasis upon the 1948 Corps of Engineers 308 Report for comprehensive, multipurpose development of the Columbia Basin. That report is the only comprehensive plan for the basin. In the Hells Canyon decision the Federal Power Commission gave reasons for ignoring it. In the recent case it cited the 308 Report with apparent approval and placed some reliance upon it. In the 308 Report a high Hells Canyon Dam was found to be a key structure for upstream water storage for both flood control and power. Hells Canyon was a most important part of the 308 Report. In contrast, Nez Perce—which the Federal Power Commission found so superior to the company proposal as to preclude the private license—was discussed, but not included as a principal project. It was not included in the phase C stage—the first stage of basic basin control.

The Federal Power Commission stressed "that any combination of projects which includes Nez Perce is consistently superior to any combination of projects which does not include Nez Perce." I refer to page 6 of the decision. This is exactly the case with high Hells Canyon. Indeed, the Bureau of Reclamation, in exploring alternatives on the Snake River, reported several years ago that Hells Canyon and Nez Perce were the best basic combinations of any set of dams in the Snake River Basin.

Furthermore, the Federal Power Commission emphasized the superiority of Nez Perce over the company proposals for flood control and power benefits at site and at downstream projects at a cost which is substantially less than the value of the benefits. No such factors were considered by the Federal Power Commission in the Hells Canyon case; to the contrary, the whole effort was to obscure the admitted and documented superiority of the high Hells Canyon Dam as found by the Federal Power Commission examiner and not overruled.

FLOOD STORAGE

The Federal Power Commission decision discusses, for the first time, so far as the Federal Power Commission is concerned, the crucial need for flood-control storage in the Columbia River and the difficulty of obtaining it at economic projects. It points out that 20 to 21 million acre-feet of storage will be required to reduce the flow at The Dalles to 800,000 cubic feet per second. Actually, there is much evidence that a greater reduction is needed requiring even more storage. But let us take the 20 million acre-feet storage requirement. Says the Federal Power Commission:

Of the total amount of storage needed under the main control plan, only 5,190,000 acre-feet is presently available. * * * There is a present outlook for an additional 4,700,000 acre-feet from projects proposed in the main control plan.

In other words, less than half is available or in prospect. In explaining the lack of adequate prospective flood-control storage, the Federal Power Commission notes:

The main control plan contemplated storage capacity of 2,300,000 acre-feet in the Hells Canyon reach of the Snake River whereas the project authorized by our license will provide 1 million acre-feet of storage capacity.

That one sentence contains a volume of natural resource history. I shall repeat the sentence:

The main control plan contemplated storage capacity of 2,300,000 acre-feet in the Hells Canyon reach of the Snake River whereas the project authorized by our license will provide 1 million acre-feet of storage capacity.

Some persons express astonishment when I point out what this administration is doing to the heritage of this country in regard to the full development of our river basins. The Government's own Federal Power Commission must admit that it is going along with an underdevelopment program of 1 million acre-feet storage which would be available under the Idaho Power Co. scheme, in contrast to the 2,300,000 acre-feet storage which the Army engineers point out would be there to protect the American people if the high Hells Canyon Dam were built.

It is one of the reasons why this issue will not die. It is one of the reasons why this issue will not accommodate Dwight D. Eisenhower and lie down and die, so that it can be buried. It is going to rise again and again to plague the history of his administration, a history of a shocking betrayal of the American people in the field of natural resources. In my judgment, no President in all our history has been so guilty of ignorance in regard to our natural resources programs as has Dwight D. Eisenhower.

It is a sad thing that his palace guard does not give him the facts and that he does not make sure he receives them, so that at least he would be apprised of what the Corps of Army Engineers and the FPC have said with respect to the relative relationship between the storage capacity of the Hells Canyon Dam project and the program which his underlings seek to foist upon America.

What I am talking about is once again a great moral obligation which the leaders of Government owe to future generations of American boys and girls in the matter of natural resources. What I am talking about again on the floor of the Senate—and it is not the last time I shall talk about it—is the duty we have to protect the water resources of future generations of Americans. As our population increases by the millions in the decades ahead, water will become even more and more precious to our civilization. Civilizations climb only when there are adequate water resources for the people, for agriculture, for industry.

We cannot justify, I may say to the President of the United States, on moral grounds a failure to give the American people a maximum development of the water potentials of river basins, not only those of the West but of every river basin in the United States.

I am one Senator who is going to continue to fight in the Senate and to work in the Senate for the maximum development of the water resources of the United States, not for their underdevelopment.

I suggest that the President of the United States read the pregnant sentence in the decision of the Federal Power Commission. I read it once more in my speech this afternoon. This is what his own Federal Power Commission states:

The main control plan contemplated storage capacity of 2,300,000 acre-feet in the Hells Canyon reach of the Snake River whereas the project authorized by our license will provide 1 million acre-feet of storage capacity.

I say that one sentence contains a volume of history.

That one sentence summarizes the tragic waste of Hells Canyon. What the FPC does not disclose is that the high Hells Canyon Dam would provide the full amount of storage for that reach of the river called for by the main control plan.

LOSS OF HELLS CANYON IMPERILS CONSERVATION VALUES

My colleague, the junior Senator from Oregon [Mr. NEUBERGER], and I have warned for several years that sacrifice of the vital storage of a high Hells Canyon Dam would increase pressure for development at other sites, less desirable for the present and in the immediate future because of fish and wildlife considerations. Our warnings were endorsed by great conservationists led by Dr. Ira Gabrielson, the distinguished career biologist who is the dean of American conservationists.

We saw our prediction come true in the drive for Bruce's Eddy Dam on the Clearwater River.

The January FPC decision is another piece of major evidence. For the FPC said that construction of Nez Perce would make up the storage deficit which would be created by the Idaho Power Co. underdevelopment of the Hells Canyon reach.

THE PROBLEM AT NEZ PERCE

As is well known, and as the FPC recognized, the objection to early construction of Nez Perce is the problem of fish passage. Nez Perce would be a high dam below the point at which the Salmon River enters the Snake River. The Salmon is the principal spawning stream of migratory salmon and steelhead trout. That fish run is of major commercial and sports value.

Some progress has been made on fish passage problems but the problem has not been solved. All hope that it will be and soon. But, it will take time, money and intensive study and experimentation.

Conservationists oppose Nez Perce because of the fish problem. My own position has been—and I repeat it today—that Nez Perce should not be undertaken

until the fish problem has been studied exhaustively and every alternative solution checked and studied. That lies in the indeterminate future; a vigorous start upon the studies should be made now.

Furthermore, I point out that the 20 million acre-feet of storage to reduce flow at The Dalles to 800,000 cubic feet per second is the minimum for control of the 1894 flood. There is little doubt that more is needed for two major reasons: (1) floods larger than that of 1894 are possible—witness the 1955 snow-packs which exceeded those which made the 1894 flood; (2) population, industrial and commercial development are greater than when the 1948 studies were made, and they are growing in the Columbia flood plane.

I wish to stress the fact that one standard we have to keep our eyes on in regard to flood control in the Pacific Northwest, if we are to protect the increased population since 1894 in this section of the country from a flood that could wipe out not only great property values, but thousands of lives, is the 1894 flood.

I wish to point out in this speech again today that it is that flood from which the Army engineers do their gaging and their calculating. They point out to us that the 1894 flood can repeat itself; in fact, for days and days in 1955 there was great concern on the part of the Army engineers that it would be exceeded. They kept in daily contact with the representatives from the Pacific Northwest, because the snow packs in 1955 were such that had there been a sudden thaw, there would have swept down on the populations of the Pacific Northwest, as the Army engineers told me in public hearings, a flood which could have exceeded the 1894 flood.

We who make the fights in the Senate for maximum flood control in the Pacific Northwest are trying to prevent, in the future, a great human disaster. It happens to be the challenge of statesmanship. I believe that each of us has the solemn obligation, when we have a body of expert opinion such as the Army engineers have given us, to act in accordance with that expert opinion.

I care not from what State we come, whether it be an arid area or a surplus water area, we cannot justify sitting silent in the Senate and playing with this danger. To the contrary, we have a duty and a trust to perform, and that duty and trust is to proceed, before the disaster occurs, to enact the legislation which is necessary to provide maximum flood control in the Pacific Northwest.

I think it is perfectly clear that the danger is a continuing one. I shall persist in doing what I can to get the maximum flood control storage in the Pacific Northwest, irrespective of all the abuse to which I may be subjected from the private utilities-controlled press in my State. If Hells Canyon Dam did not generate a kilowatt hour of power, the American people ought still to build it. If not one single kilowatt-hour of power ever came out of Hells Canyon Dam, the

facts of this historic battle to the American people.

A veto is not inevitable; if it should come, let the American people know who is responsible for confirming this unconscionable giveaway of an irreplaceable resource.

In closing, let me give a word of respectful advice to the leadership of the Democratic Party in the House.

With the able assistance of the Senator from Texas [Mr. JOHNSON], majority leader in the Senate, we passed the Hells Canyon Dam bill in the Senate. Many individuals were responsible for its passage. Of course, most important were those who voted for it. However, it required a great deal of discussion and a great amount of time to present the facts to colleagues in the Senate before the majority vote for Hells Canyon was obtained in the Senate.

Year in and year out the senior Senator from Oregon stood on the floor of the Senate and fought for the passage of that bill. Therefore, I do not take one iota of credit away from any other Member of the Senate for the passage of the Hells Canyon Dam bill when I pay the tribute I wish to pay to the majority leader, the Senator from Texas, in connection with that bill.

I take no credit away from my teammate and colleague [Mr. NEUBERGER], who stood shoulder to shoulder with me in this fight.

I take no credit away from the Senator from Idaho [Mr. CHURCH], for the great speech he made and the support he gave us in regard to the Hells Canyon Dam bill last year.

I take no credit away from the two liberal Senators from Washington [Mr. MAGNUSON and Mr. JACKSON], and the great chairman of the Senate Interior Committee [Mr. MURRAY] and his colleague from Montana [Mr. MANSFIELD], when I pay this tribute to the majority leader. But let the RECORD show that, in my judgment, we would not have succeeded last year had it not been for the "green light" which the majority leader of the Senate gave to my bill, and had it not been for the support which he gave to the bill in conference after conference with individual Senators as we pointed out that it is Democratic Party policy to conserve and develop the natural resources of the United States for the greatest public benefit.

Therefore, with this great victory won in the Senate, I now say to the Democratic leadership of the House of Representatives that they have an unequalled responsibility of statesmanship to make clear to the country that it is still Democratic Party policy to conserve and develop the natural resources of America.

So I hope the Democratic leadership of the House of Representatives will duplicate the statesmanship of the majority leader of the Senate and give a green light to the Hells Canyon Dam bill in the House.

It is no answer to the senior Senator from Oregon for that Democratic leadership to say that there is trouble in committee. The rules of procedure in the House permit taking a bill away from a committee when the general wel-

fare of the American people calls for that kind of parliamentary procedure.

I close this speech by saying that this great issue now rests squarely on the desks of the Democratic leadership of the House of Representatives. The people of the Pacific Northwest are asking the question, "What are you going to do about it?"

READJUSTMENT OF POSTAL RATES

The Senate resumed the consideration of the bill (H. R. 5836) to readjust postal rates and to establish a congressional policy for the determination of postal rates and for other purposes.

Mr. LANGER. Mr. President, I ask unanimous consent to have printed in the RECORD at this point as a part of my remarks a telegram which I have received from Mr. M. M. Oppegard, of the Grand Forks (N. Dak.) Herald. Mr. Oppegard is one of the leading citizens of my State. His telegram relates to the subject matter of the bill now before the Senate for consideration.

There being no objection, the telegram was ordered to be printed in the RECORD, as follows:

GRAND FORKS, N. DAK., February 24, 1958.
Senator WILLIAM LANGER,
Senate Office Building,
Washington, D. C.:

Urge that you support postal program for increased rates with knowledge newspapers do not want subsidation. But while willing pay their fair share also want other media do likewise. Believe essential Congress take closer look at post office efficiency, outmoded methods, etc., and require clear statement from Post Office Department separating newspapers from all other second-class mail. We believe it unwise to decrease rural free delivery.

Regards.

M. M. OPPEGARD,
Grand Forks Herald.

Mr. LANGER. Mr. President, I ask unanimous consent to have printed in the RECORD at this point as a part of my remarks a telegram which I have received from Mr. George J. Burger, vice president of the National Federation of Independent Business, with headquarters at Washington, D. C., on the subject of the proposed postal-rate increase.

There being no objection, the telegram was ordered to be printed in the RECORD, as follows:

WASHINGTON, D. C., February 25, 1958.
Hon. WILLIAM LANGER,
Senate Office Building,
Washington, D. C.:

We have just today completed a poll of our entire nationwide membership, all independent business and professional men, on the President's proposal to increase postal rate on nonlocal first-class mail to five cents. Arguments for and against the proposition were presented by the federation to our membership and the result of the poll is as follows: 37 percent for the proposition, 61 percent against, 2 percent no vote.

In view of this, in behalf of small business, we urge that the Senate vote "No" on the proposition.

Bear in mind millions of small businesses will be seriously injured through this added expense to operating their businesses.

I trust your office will bring this message to your immediate attention.

GEORGE J. BURGER,
Vice President, National Federation of
Independent Business.

Mr. LANGER. Mr. President, I ask unanimous consent to have printed in the RECORD at this point as a part of my remarks an editorial entitled "In Defense of the Mail," from the Postmark for May-June 1957, official organ of the National Federation of Post Office Clerks, on the subject of the proposed postal rate increase.

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

IN DEFENSE OF THE MAIL

During the recent departmental strike against providing the public with their accustomed mail service, a picture appeared in the daily paper showing several high officials of the St. Paul post office surrounded by mail of one class or another. At least four times in the accompanying article this material entrusted to the custody of the Post Office Department was referred to in derogatory terms such as "junk" or "mud."

The propriety of putting out such publicity apparently with the sanction of high officials is questionable. The people, our distant bosses by the way, paid the legal rate set by law for receiving service in handling of that mail; they likewise are paying taxes to make up the difference between revenue and costs. Their mail is important to them. Our relations with the public during these times of stress are certainly not enhanced by disparaging publicity about the merits of one piece of mail over another.

The corner-grocery men, those who are still left, struggling to maintain an honest living, surviving fierce competition possibly by the skin of their teeth and an occasional circular certainly doesn't consider their messages as "junk" mail. Is it "junk" because an adult member delivers it and thereby supports himself and his family? If the same advertising is placed in a newspaper and delivered by scab, nonunion child labor, does that somehow elevate the operation in any respect? (There is an international newsboy union.) Has the rate of postage anything to do with the intrinsic importance of the mailing piece? The tests run by the Direct Mailers Association have proved in nearly all tests that third-class bulk-rate mail is every bit as effective as first-class mail.

It is questionable that anyone has the right or ability to determine just how valuable a piece of third-class mail is. Do you throw your Christmas cards away unread because they came unsolicited? Do carriers or clerks turn down Christmas overtime because of the cheap rate and unsolicited nature of the matter?

Back in 1925 a piece of dirt cheap mail was read by a Minneapolis postal clerk. Because an advertisement therein hit just one right person, in the person of Tom Doig, Minnesota shortly thereafter secured enactment of a State credit-union law. In the years to follow Tom Doig became head of a credit-union movement numbering 10 million members, and head of a credit-union insurance company which today is close to \$3 billion in size. Today some 200,000 credit-union members in Minnesota have found the medium which can keep them and their families from economic and financial bondage—because a piece of low-rate mail dropped into a fertile mind. Truly, it would be difficult to evaluate each piece of mail handled in the post office.

Sober reflection must make postal employees realize that the mail which is so often callously berated is our bread and butter mail, filling up slack periods in schedules, keeping industry going, and in general being the spark that activates our business world. Rates of postage, procedures of processing the mail are completely separate issues that have no bearing on the relative importance

of mail to senders, receivers and the middlemen, the postal employees.

Progress is not a question of creating unnecessary work, but the reverse, eliminating duplication of effort, unnecessary handling, needless expense. As a parting question, would you rather struggle 40 hours a week to process "dignified" mail that has a coldly printed name and address on it from impersonal lists for sale to any buyer, or would a 30-hour week be a more happier goal even if simplified addresses were necessary to keep operating costs at the same level?

Brothers, let's defend the mail—all the mail—it's our life blood.

THE EDITOR.

Mr. MANSFIELD. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER (Mr. MOR-
TON in the chair). The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER (Mr. MOR-
TON in the chair). Without objection, it is so ordered.

UNITED STATES LOSES SUPPORT IN UNITED NATIONS

Mr. HUMPHREY. Mr. President, the Chronicle of United Nations Activities, recently released, indicates that the United States again lost support in the United Nations in the 12th General Assembly. Sixty-one percent of the members of the United Nations voted less often with the United States in 1957 than in 1956.

Two years ago I had occasion to bring to the attention of the United States Senate a similar decline in United States support at the U. N. I believe that these deteriorating statistics are themselves strong evidence of the decline in American prestige and influence on basic world problems.

I ask unanimous consent that the full text and tables of this report be printed at this point in the RECORD.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

UNITED STATES LOSES SUPPORT IN UNITED NATIONS

The political support that the United States gained in the XI (1956) General Assembly was lost, in part, in the XII (1957) General Assembly. Sixty-one percent of the countries voted less often with the United States in 1957 than in 1956. This compares with the fact that 100 percent voted with the United States more in 1956 compared to 1955.

TABLE 1.—Support for the United States by number of countries

	1956 compared to 1955		1957 compared to 1956	
	Number	Percent	Number	Percent
Number of countries increasing agreement.....	59	100	30	38
Number of countries decreasing agreement.....	0	0	48	61
Number of countries with no change.....			1	1
Total.....	59	100	79	100

HOW THIS STUDY WAS MADE

The study is based on every rollcall vote taken during the 1957 General Assembly. Countries are analyzed as to how they voted when the United States took a pro or con position. Abstentions by the United States are not included in the analysis.

Of the 98 rollcall votes taken during the 12th General Assembly, the United States voted "Yes" 48 times, voted "No" 28 times, and abstained 23 times. The 76 United States yes and no votes are the basis of this report.

In this study every rollcall, both in the plenary as well as in the seven main committees is measured equally. No differentiation is made as to the issues upon which the vote was taken. The votes cover most of the major issues confronting the 1957 Assembly—disarmament, Algeria, Korea, Hungary, Chinese representation, cessation of nuclear tests, Syria-Turkey dispute, European Common Market, and non-self-governing territories, U. N. emergency force, international trade, Indians in South Africa, and peaceful coexistence. Not included in the study are the votes on race conflict in South Africa, west Iran, and Cyprus—issues on which the United States abstained. (See columns 1159-60.)

Two principal statistical measures emerge:

(1) Agreement: Degree of alignment of a country's voting policies with the United States voting policies.

(2) Disagreement: The degree of opposition of a country's voting policies to the voting policies of the United States.

A country has four alternatives open to it on any question. It can vote "Yes," "No," abstain, or be absent. Because of these alternatives, the degree of agreement plus disagreement do not in most cases add up to 100 percent. For example, two countries, A and B, can both agree with the United States 50 percent of the time, but country A could vote in opposition to the United States 10 percent of the time (being absent or abstaining the other 40 percent of the time), while country B could vote against the United States the other 50 percent of the time (never abstaining or being absent). It is therefore necessary, in analyzing the political support that a country receives, to consider both the agreement and disagreement scores. In this report the agreement with the United States is presented. The next report will present disagreement with the United States.

FIFTY PERCENT MARK

In 1956, 63 percent of the countries voted with the United States 50 percent or more of the time; in 1957 the number of countries dropped to 55 percent. Similarly, countries that voted with the United States less than 50 percent of the time, rose 37 percent to 45 percent.

THE NEW U. N. MEMBERS

Of the 22 new countries admitted to the U. N. since the end of 1955, 8 countries supported the United States 50 percent or more of the time, while 14 countries supported it less than 50 percent of the time.

The new U. N. members who voted with the United States 50 percent or more were: Austria, Finland, Ireland, Italy, Japan, Malaya, Portugal, and Spain.

The countries voting less than 50 percent were: Albania, Bulgaria, Cambodia, Ceylon, Ghana, Hungary, Jordan, Laos, Libya, Morocco, Nepal, Rumania, Sudan, and Tunisia.

AGREEMENT BY BLOC

The main support for the United States in the United Nations generally comes from Latin American and NATO countries, and a portion of the Commonwealth. Least support comes from the east European bloc, the Arab League, and the Asian-African bloc.

In 1957, the United States made gains among the Latin American and NATO blocs, and lost support among the Asian-African,

Arab League, and east European blocs. In general, the supporters of the United States supported it more. Nonsupporters of the United States supported it less.

LATIN AMERICA

Latin America continued in 1957 to be a major source of support for the United States. The 3 countries that agreed with the United States 90 percent or more were all Latin American. Fifteen of the 20 countries in this bloc voted with the United States more than 7 out of 10 times.

The biggest decrease of support in the Latin American bloc was registered by Mexico (30 percent), Bolivia, Guatemala, and Haiti also broke sharply with the prevailing pattern of Latin American voting policies.

Latin American agreement with the United States ranged from 94.7 percent to 43.4 percent.

TABLE 2.—Latin American agreement with the United States

Country	Percent agreed with United States, 1957	Percent increase from 1956	Percent decrease from 1956
Colombia.....	94.7	16.3	-----
Brazil.....	90.8	.6	-----
Chile.....	90.8	8.4	-----
Cuba.....	88.2	5.8	-----
Honduras.....	85.5	10.0	-----
Venezuela.....	85.5	8.0	-----
Dominican Republic.....	82.9	1.5	-----
Ecuador.....	81.6	.2	-----
Peru.....	81.6	-----	0.7
Argentina.....	77.6	-----	2.8
Nicaragua.....	77.6	4.1	-----
El Salvador.....	75.0	7.4	-----
Panama.....	73.7	3.1	-----
Costa Rica.....	72.4	.8	-----
Uruguay.....	71.1	-----	7.3
Paraguay.....	68.4	1.7	-----
Bolivia.....	47.4	-----	15.3
Haiti.....	47.4	-----	24.2
Guatemala.....	46.1	-----	18.6
Mexico.....	43.4	-----	30.1

NATO

Eight out of 13 NATO countries increased their agreement with United States voting policies in 1957. Despite a decrease in agreement by 3 countries in 1957, 12 out of 13 NATO countries continued to support the United States more than three-quarters of the time. The only country deviating from the NATO pattern was Greece, who agreed with the United States a little more than half the time.

Support for United States policies in NATO ranged from 88.2 to 52.6 percent.

TABLE 3.—NATO agreement with the United States

Country	Percent agreed with United States, 1957	Percent increase from 1956	Percent decrease from 1956
Canada.....	88.2	-----	5.9
Iceland.....	88.2	15.7	-----
United Kingdom.....	88.2	0	0
Denmark.....	86.8	.5	-----
Italy.....	86.8	3.5	-----
Netherlands.....	86.8	1.5	-----
Luxembourg.....	85.5	9.0	-----
Norway.....	85.5	1.2	-----
Belgium.....	84.2	-----	5.0
Turkey.....	84.2	10.7	-----
France.....	82.9	8.4	-----
Portugal.....	76.3	-----	4.7
Greece.....	52.6	-----	15.0

COMMONWEALTH

Members of the Commonwealth are split in their agreement with United States voting policies. On the one hand, Australia, Canada, New Zealand, and United Kingdom are strong supporters of the United States—almost 90 percent. On the other hand, Ceylon, Ghana, and India agreed with the

Mr. John P. White, Legislative Management Office, Department of State, Washington, D. C.

Mr. Morton B. White, executive director, American Council on NATO, New York City.

Mrs. Sargent White, treasurer, National Council of Catholic Women, Washington, D. C.

Gen. Thomas D. White, Chief of Staff, United States Air Force, Washington, D. C.

Dr. William R. White, president, Baylor University, Waco, Tex.

Mr. Charles S. Whitehouse, special assistant, Department of State, Washington, D. C.

Mr. H. Harold Whitman, the First National City Bank of N. Y., New York City.

Mr. L. F. Whittemore, chairman, Brown Co., Boston, Mass.

Mr. John J. Wicker, Jr., Richmond, Va.

Mr. John Wickwire, Salem Brosius, Inc., Pittsburgh, Pa.

Mr. Otis L. Wiese, editor, McCall's magazine, New York City.

Mr. J. R. Wiggins, secretary, American Society of Newspaper Editors, Washington, D. C.

Mr. Roy Wilkins, executive secretary, National Association for Advancement of Colored People, New York City.

Mr. Francis O. Wilcox, Assistant Secretary of State, Washington, D. C.

Mr. Alanson Wilcox, American Hospital Association, Washington, D. C.

Dr. Henry I. Willet, American Association of School Administrators, Washington, D. C.

Mr. David C. Williams, Americans for Democratic Action, Washington, D. C.

Mr. J. Harvie Williams, American Good Government Society, Washington, D. C.

Mr. John D. Williams, chancellor, University of Mississippi, Oxford, Miss.

Mr. Jack Williams, Fargo, N. Dak.

Mr. Langbourne M. Williams, president, Freeport Sulphur Co., New York City.

Mr. Paul D. Williams, Richmond, Va.

Rev. Richard Williams, National Council of the Protestant Episcopal Church, New York City.

Mrs. Wendell Willkie, New York, N. Y.

Mr. Donald R. Wilson, Albany Times-Union, Albany, N. Y.

Mr. Edward Foss Wilson, Chicago, Ill.

Mr. E. Raymond Wilson, executive secretary, Friends Committee on National Legislation, Washington, D. C.

Mr. Gill Robb Wilson, editor and publisher, Flying, New York City.

Mr. James R. Wilson, Jr., the American Legion, Washington, D. C.

Mr. Logan Wilson, president, University of Texas, Austin, Tex.

Mr. Robert R. Wilson, president, American Society of International Law, Washington, D. C.

Mr. Thomas Wilson, New York, N. Y.

Mrs. Robert Whitelaw Wilson, Washington, D. C.

Mrs. Frederick Witt, Stevensburg, Va.

Mrs. M. F. Wittichen, president general, United Daughters of the Confederacy, Coral Gables, Fla.

Mr. Samuel W. Witwer, Chicago, Ill.

Mr. William J. Woestendiek, editorial director, Newsday, Hempstead, Long Island, N. Y.

Dr. Helmuth Wohlthat, Chambers Chemical Corp., New York, N. Y.

Mrs. Robert B. Wolf, Philadelphia, Pa.

Mr. C. Tyler Wood, assistant to director for evaluation, ICA, Washington, D. C.

Mrs. William H. Wood, League of Women Voters, Bladensburg, Md.

Mrs. Chase G. Woodhouse, director, Service Bureau for Women's Organizations, Hartford, Conn.

Mr. Donald B. Woodward, Vick Chemical Co., New York, N. Y.

Mr. C. E. Woolman, president, Delta Air Lines, Atlanta, Ga.

Mr. Paul Wooton, editor, New Orleans Times-Picayune, New Orleans, La.

Mr. Martin H. Work, executive director, National Council of Catholic Men, Washington, D. C.

Rev. David A. Works, president, North Conway Foundation, North Conway, N. H.

Mr. F. L. Wormald, Association of American Colleges, Washington, D. C.

Dr. Ruth Wright, New York, N. Y.

Mr. Howard N. Yates, executive vice president, Colorado State Chamber of Commerce, Denver, Colo.

Mr. J. Banks Young, National Cotton Council of America, Washington, D. C.

Mr. W. B. Young, dean, College of Agriculture, University of Connecticut, Storrs, Conn.

Mrs. Mildred Younger, Los Angeles, Calif.

Mrs. Emily N. Ziegler, president, American Federation of Soroptimist Clubs, Philadelphia, Pa.

Mr. Jerome M. Ziegler, executive director, American Foundation for Political Education, Chicago, Ill.

Mr. Raymond R. Zimmerman, American Council on Education, Washington, D. C.

Rev. Spiros Zodhiates, New York, N. Y.

Mr. Eugene Zorn, Jr., American Bankers Association, New York, N. Y.

READJUSTMENT OF POSTAL RATES

The Senate resumed the consideration of the bill (H. R. 5836) to readjust postal rates and to establish a congressional policy for the determination of postal rates and for other purposes.

Mr. JOHNSTON of South Carolina. Mr. President, I submit amendments to the postal bill which correct certain errors in the draftsmanship of the bill. The need for the amendments was called to my attention by the distinguished junior Senator from Oklahoma [Mr. MONRONEY]. I appreciate his kindness in calling these errors to my attention.

The PRESIDING OFFICER. The amendments will be stated for the information of the Senate.

The LEGISLATIVE CLERK. On page 35, between lines 3 and 4, it is proposed to insert the following: "Domestic Airmail."

On page 37, between lines 19 and 20, insert the following: "Controlled Circulation Publications."

On page 39, to strike out lines 1 and 2 and insert in lieu thereof the following:

(4) by striking out the third proviso contained in such section;

(5) in the fourth proviso contained in such section, by striking out "3 cents" and inserting in lieu thereof "6 cents."

On page 39, at the beginning of line 3, to strike out "(5)" and insert "(6)."

Mr. KNOWLAND. Mr. President, will the Senator yield?

Mr. JOHNSTON of South Carolina. I yield.

Mr. KNOWLAND. Reserving the right to object, is the Senator from South Carolina merely offering these as pending amendments?

Mr. JOHNSTON of South Carolina. The amendments merely make corrections in the bill reported by the committee.

Mr. KNOWLAND. Are they in conformity with the action of the committee?

Mr. JOHNSTON of South Carolina. They are in conformity with the action of the committee.

Mr. KNOWLAND. Is it understood that the bill is still treated de novo, and that no parliamentary situation exists which would foreclose the offering of other amendments?

Mr. JOHNSTON of South Carolina. That is true. There should be no question whatsoever in that regard.

Mr. MONRONEY. Mr. President, will the Senator from South Carolina yield?

Mr. JOHNSTON of South Carolina. I yield.

Mr. MONRONEY. In checking over the bill as reported by the full committee, three errors were found. The first dealt with the failure to include the subhead on "Domestic Airmail," which had very little effect on the bill.

The second had to do with the controlled circulation publications, over which there has been great controversy. The subhead and the new section numbers were omitted in the bill as it came to the Senate.

The committee, by a unanimous vote, decided to adopt the provisions of the House bill concerning controlled circulation publications, and left them as a part of third-class mail. There has been a consistent effort over the years to give the second-class treatment to controlled circulation publications that have no paid circulation. For that reason, the omission of the subtitle "Controlled Circulation Publications" and the numbering of the bill's provisions on this subject as though they were a part of the section relating to second-class mail, might be interpreted administratively as indicating that it was the sense of the Senate that controlled circulation publications should be handled as second-class, paid-circulation mail.

In carefully checking the bill, I realized that the text as reported did not correspond to the text on which the full committee voted.

It is to correct that clerical error, let us say, that the distinguished chairman of the committee is offering the amendment, so that there can be no question of the Senate's decision to continue controlled circulation publications as third-class mail.

The third error occurs on page 39 of the bill. On that page there is a section which deals with third-class mail. According to the best advice I have obtained, the bill as reported would eliminate the 3-cent penalty which now applies to third-class mail which is irregular in size, because of the difficulty of handling it, whereas the committee voted to increase the penalty to 6 cents.

I have conferred with the chairman of the committee. He assures me that these three mistakes were unintentionally made in connection with the drafting of the reported bill, with some bad advice from the Post Office Department.

When a Senate committee reports a bill, by a vote of the members of the full committee, I believe the bill exactly as voted to be reported should come before the Senate, and that it should not be modified by the staff or by anyone else, even in accordance with the wishes of the Post Office Department.

Mr. KNOWLAND. Mr. President, will the Senator from South Carolina yield to me?

Mr. JOHNSTON of South Carolina. I am happy to yield.

Mr. KNOWLAND. I fully concur in the statement the Senator has made. I merely wish to make certain that, inasmuch as the bill is presumably before us in the way it was reported by the committee, we shall not find ourselves in a parliamentary situation in which we would later be foreclosed from submitting amendments to these portions. If these are clerical errors, certainly they should be handled in such a way.

Mr. MONRONEY. Mr. President, if the amendments which have been submitted by the chairman of the committee are agreed to en bloc, by unanimous consent, that will expedite the handling of the bill, and will clarify the situation.

I believe that my distinguished colleague, the Senator from Kansas [Mr. CARLSON], who has worked so hard on the bill, will agree with me that, when these amendments are agreed to, the bill will again be in the form it was when the committee voted to report it to the Senate.

Mr. CARLSON. Mr. President, I concur. I think these amendments will, when adopted, put the bill in the shape it was in when the committee voted to report it, and the shape it was in when we thought it was reported to the Senate.

The PRESIDING OFFICER. The question is on agreeing to the amendments of the Senator from South Carolina [Mr. JOHNSTON], which, without objection, will be considered en bloc.

The amendments were agreed to.

Mr. JOHNSTON of South Carolina. Mr. President, I wish it clearly understood that these amendments will simply place the bill in the form it was in when it was reported by the committee. The errors were called to my attention only today. Therefore, I have called the attention of the Senate to them.

Mr. President, we now approach the crossroads; soon the case will be in the hands of the jury, the Congress, which must decide what shall be done in regard to postal rates.

This afternoon the Senate has before it one of the most controversial measures to come before it in recent years.

The Senate Post Office and Civil Service Committee spent days and, in fact, months in working on the bill. It held hearings, and tried to expedite the handling of the bill as much as possible, following the reassembling of Congress in January.

By the way, Mr. President, I should like to say that the committee voted 7 to 6. Of the 7 Senators who voted affirmatively, 5 were Republicans and 2 were Democrats. So there was not a division along party lines. One Republican Senator voted in favor of the bill the subcommittee reported; that was the Senator from North Dakota [Mr. LANGER], whom I have always found trying to help the little fellow.

Mr. President, my colleagues will find that if the postal rate on letters is increased from 3 cents to 5 cents, the first-

class mail will more than pay its way, almost to the extent of \$250 million. I ask my colleagues to keep that point in mind.

The subcommittee did not believe that was proper; therefore, the subcommittee did not vote to raise first class to 5 cents. Instead, it voted in favor of increasing the first-class rate from 3 cents to 4 cents. If that is done, the first-class mail will more than pay its own way. I contend that first-class mail should more than pay its own way, in view of the preferential treatment it receives.

Mr. LONG. Mr. President, will the Senator from South Carolina yield to me?

The PRESIDING OFFICER (Mr. YARBOROUGH in the chair). Does the Senator from South Carolina yield to the Senator from Louisiana?

Mr. JOHNSTON of South Carolina. I yield.

Mr. LONG. Can the Senator from South Carolina tell me how close second-class mail and third-class mail will come to paying their own way, under the provisions of the pending bill?

Mr. JOHNSTON of South Carolina. I think the Senator from Louisiana will find on page 6 of the report the costs regarding the various classes of mail. It should be remembered that the pending bill, if enacted, will result in an estimated increase of \$747 million.

Mr. LONG. Can the Senator from South Carolina tell me what percentage of the cost of carrying them, the second-class mail and third-class mail will pay, if the pending bill is enacted?

Mr. JOHNSTON of South Carolina. Does the Senator from Louisiana want me to refer to the old method of cost ascertainment, or to the new one? He was formerly a member of the committee.

Mr. LONG. I should like to know the Senator's best judgment on the matter, whichever he thinks is correct.

Mr. JOHNSTON of South Carolina. In the case of second-class mail, the bill, if enacted, will bring in a total of \$99,656,000. The cost will be \$167,500,000. In other words, there will be a deficit of approximately \$68,400,000, in the case of the second-class mail. The Senator from Louisiana was formerly on the committee and he helped make the investigation which was conducted at one time. So I am very glad he is participating in the debate. He knows that much of the second-class mail is handled at less than cost. In other words, a considerable amount of philanthropic and other mail is carried at less than half the charge of other groups. I refer to the handling of the veterans organizations, farm magazines, labor publications, and so forth.

Mr. LONG. Can the Senator from South Carolina relate the rate on second-class mail to the cost of carrying it? What percentage of the cost of carrying it will the second-class mail pay?

Mr. JOHNSTON of South Carolina. That is what I have just stated. I have referred to the over-all situation.

Mr. LONG. The Senator from South Carolina gave the absolute figure.

Mr. JOHNSTON of South Carolina. I gave the total.

Mr. LONG. Can the Senator from South Carolina tell me what percentage of its cost the second-class mail will pay, under the provisions of the pending bill?

Mr. JOHNSTON of South Carolina. It will be in the ratio of 99 to 167. In other words, it will be in the neighborhood of 60 percent. So much free mail is included, that it is hard to determine the proper figure.

Mr. LONG. Can the Senator from South Carolina state what percentage of its cost he estimates the third-class mail will pay, if the pending bill is enacted?

Mr. JOHNSTON of South Carolina. The pending bill, if enacted, will result in a profit in the amount of \$25 million. The subcommittee did not think the bill should go that far, so as to make this class of mail more than pay its own way, inasmuch as it does not receive preferential treatment. I think I have stated correctly the attitude of the subcommittee on that point.

Mr. LONG. Then it is correct to say that if the pending bill is enacted, the third-class mail will more than pay its own way?

Mr. JOHNSTON of South Carolina. Yes, I believe that is true.

Mr. LONG. I thank the Senator from South Carolina.

Mr. MORTON. Mr. President, will the Senator from South Carolina yield to me?

Mr. JOHNSTON of South Carolina. I yield.

Mr. MORTON. In the case of the second-class mail, under the rates proposed in the present committee print, is it not the judgment of the chairman of the committee, who has had many years of experience in this field, that, aside from public-service and general-welfare items, the items of second-class mail which are charged for will more than pay the out-of-pocket expense they cause?

Mr. JOHNSTON of South Carolina. Yes, they will more than pay the out-of-pocket expense they cause. In the report on the bill we have stated that 15 percent of the service performed is a free public service, and a great deal of that occurs in the case of the second-class mail.

Mr. MORTON. Yes.

Mr. JOHNSTON of South Carolina. So when we speak of having the second-class mail pay its own way, it must be remembered that much of the public service charges are now levied against second-class mail.

Mr. LANGER. Mr. President, will the Senator yield for a question?

Mr. JOHNSTON of South Carolina. I yield.

Mr. LANGER. Is there anything in the bill dealing with red tag mail?

Mr. JOHNSTON of South Carolina. Nothing whatever.

Mr. LANGER. My recollection is that in the testimony before the House Committee it was claimed that the handling of a magazine such as Life cost the taxpayers \$8 million a year. Is that correct?

Mr. JOHNSTON of South Carolina. I myself would not want to use that

figure, because I do not believe it is accurate. I would not want any statement of that kind placed in the RECORD as coming from me.

Mr. LANGER. My recollection is very clear that the figures showed that in 1953 the handling of Life magazine alone cost the taxpayers more than \$8 million.

Mr. JOHNSTON of South Carolina. In all fairness, I think it should be stated that the committee does not believe that the statement is a fair one. Many items were not taken into consideration by the Department when it computed that figure.

Mr. LANGER. I think the Senator is mistaken. I believe the testimony, which is in the RECORD, shows that the red tag end of handling Life magazine cost the taxpayers \$8 million. There was a long list of magazines which was placed in the record, which list was furnished the committee by the Post Office Department.

Mr. JOHNSTON of South Carolina. Someone may have testified to that, but I personally would hesitate to put my approval on that statement. In all fairness, I would have to disagree to that statement.

Mr. LANGER. I come now to the second part of my question. The Senator is familiar with the long list of magazines which the Postmaster General has discretion to treat as first-class mail; is he not?

Mr. JOHNSTON of South Carolina. That is true; newspapers and magazines.

Mr. LANGER. Does the record not show that the handling of such matter cost the taxpayers between \$68 million and \$69 million?

Mr. JOHNSTON of South Carolina. I do not believe the record will show that kind of information. The figures on second-class mail used by the Post Office Department, have not in my opinion, been based on sound accounting principles.

Mr. LANGER. We have the situation, have we not, wherein Life magazine is treated preferentially, given red-tag treatment, and the Saturday Evening Post is not receiving such service because it has not applied for it. Is that true?

Mr. JOHNSTON of South Carolina. I am not here defending any particular magazine, but I will say Life magazine does a certain service which some of the other magazines do not. There is additional work involved on their part for the preferential treatment.

Mr. LANGER. I am not criticizing the Postmaster General for picking out a certain class of magazine, because there was no discrimination shown as between magazines favoring different political parties.

Mr. JOHNSTON of South Carolina. That is correct. Some magazines were chosen and others were not.

Mr. LANGER. The fact remains that the preferential treatment has cost the taxpayers between \$68 million and \$69 million.

Mr. JOHNSTON of South Carolina. As I said a while ago, some magazines are given preferential treatment. Some pay only about 50 percent of what other publishers have to pay, and some pay

practically nothing for the preferential treatment. However, I do not think general purpose magazines should carry the burden of the cost of the magazines to which it was seen fit to give special treatment, any more than I think the payers of first-class mail service ought to carry the burdens of all other classes of mail.

Mr. LANGER. The Senator from North Dakota agrees fully with what the Senator from South Carolina has just said, the fact nevertheless remains that for the preferential treatment of 30, 40 or 50 magazines—whatever the number was that the Postmaster General furnished in his list—the taxpayers are paying a cost of \$68 million or \$69 million. Is that correct?

Mr. JOHNSTON of South Carolina. Not merely because of preferential treatment. Preferential treatment results in very little additional cost. The mere fact that preferential treatment is given does not necessarily mean that is the reason for all the cost, but such treatment does result in some additional cost, because the mail is being treated as first-class mail. Many people do not understand that second-class mail is handled after first-class mail goes out. If it were not for second-class and third-class mail, probably the employees in the post offices would have nothing to do after first-class and red tag mail had been sent out.

Mr. LANGER. Would the distinguished chairman have any objection to his assistant's getting the part of the RECORD to which I have made reference, so that I might in the next day or two read it for the benefit of the Senate?

Mr. JOHNSTON of South Carolina. I have no objection. We want the RECORD to be accurate.

Mr. LANGER. It was my impression that the testimony of the Postmaster General himself showed that the taxpayers were suffering the loss I have stated.

Mr. JOHNSTON of South Carolina. Mr. President, most of the recommendations of the subcommittee, that spent so many months on this subject, were ignored by the full committee. The members of the full committee have their reasons for the way they voted, but the members of the subcommittee also had very good reasons for their recommendations to the full committee.

As chairman of the full committee, and also chairman of the subcommittee, I feel that I must support the subcommittee recommendations, because those recommendations were arrived at after long sessions of hearings, debate, and consideration.

I do not at this time desire to go into arguments on the different classes. I shall offer amendments at the proper time to reduce certain rates in the proposal now before the Senate.

At this point I wish to make a plea for the one part of the bill that was left unchanged by the full committee.

The Senate committee report which accompanies H. R. 5836 spells out in elaborate detail the need and justification of a postal-rate policy. I believe this is the most important section of the postal rate bill, because it will lay the groundwork for fair consideration of all

future rate increases to be proposed by the executive department and acted upon by the Congress.

I, for one, do not believe the Post Office Department should be performing service for various and sundry other agencies of the Government, and then charging that off to the business users of the mail or the private user either.

I believe we are often too quick in our condemnation of the Post Office Department because it does not fully recover its costs of operation. Compared with other Government departments and agencies, the Post Office Department does a magnificent job. The Post Office Department is the only major Government department which recovers 85 percent of its total cost. That is an excellent record considering all the free and special services provided by this Department in the interests of our national welfare.

Does any one complain that the United States Patent Office does not fully recover its costs? The last report I had was that it recovers about 50 percent. The Senator from North Dakota [Mr. LANGER] and I serve on the committee which has responsibility in that regard. Does any one complain that the Civil Aeronautics Administration, which maintains the airways of the Nation, recovers little or nothing from the airlines which utilize this system? Likewise, many other Government departments perform a variety of services which would have had to be abandoned long ago if the departments had been forced to collect fees from the public to match the costs of providing the services.

The alleged Post Office deficit in many respects is a phantom deficit, because included in its loss figures are sums for many vital and important public services. The Post Office Department registers the 2½ million aliens, and reregisters them every time they change their addresses. The post offices store and distribute income tax forms by the millions for the Internal Revenue Service, help make surveys of vacancies for the Federal Housing Administration, and assist the Civil Service in spreading information about examinations for Government positions. Some post offices provide the only notary service in their communities. When a war veteran dies, 3 out of 4 families turn to the Post Office Department to file application for a flag for the funeral. Post offices receive and transmit funds for many volunteer charities, such as heart, cancer, and others.

The Post Office Department provides a great mass of free postal services, such as those provided for the blind. I have been advised that the postal employees carry as much as 20 million pounds of free mail for the blind. Among other free services is the delivery of newspapers in the county of publication—some 380 million copies last year. Also, there is free registered mail for Government agencies, free mail for the Pan American Union and Pan American Sanitary Bureau, and free mail for widows of former Presidents.

Publications issued by nonprofit fraternal, religious, and scientific groups are mailed at special low rates without

relation to costs. In 1956 more than 1½ billion pieces of such nonprofit mail were handled. Also, special concessions were granted on about seven million books handled by the Post Office Department last year.

The Congress of the United States gave special rates to libraries. Should the Post Office Department carry on such activities? If such activities are to be carried on, should the Post Office costs be recovered from the other classes?

In our detailed listing of public services rural free delivery is perhaps the most conspicuous. My colleague the Senator from Kansas [Mr. CARLSON], chairman of the Senate Post Office and Civil Service Committee, when the Republicans last controlled the Senate, once said:

I do not see how anyone could justify RFD except as a service by the Government to its citizens.

Mr. CARLSON. Mr. President, will the Senator yield?

Mr. JOHNSTON of South Carolina. I yield.

Mr. CARLSON. The chairman of the committee has discussed some of the free services of the Post Office Department. I think quite often our citizens do not realize how many free services are given by the Post Office Department.

Early this year I asked the Postmaster General to furnish me a list of services which the Post Office Department renders, and I should like to state a few of them for the RECORD. I also ask unanimous consent to have the entire letter printed in the RECORD, either at this point or following the Senator's speech, if he does not desire to have it interrupted.

For instance, the following are services of the type rendered without reimbursement:

First. The Armed Forces ask that relatives of deceased servicemen be located.

Second. The Housing Administration asks that former tenants be found.

Third. The Veterans' Administration asks that the Post Office deliver flags for veterans' funerals.

Fourth. The Agriculture Department requests that the Post Office personnel report on the sighting of doves. I do not know how many people realize the Post Office Department goes out hunting birds, but that is done.

Fifth. The Post Office Department answers inquiries from Selective Service.

Sixth. The Federal Bureau of Investigation enlists the aid of the Post Office Department on occasion in law enforcement.

Other activities include the sale of savings stamps for the Treasury Department. The Post Office Department is reimbursed by the Treasury Department for this service, on an established basis.

Another service is the sale of bird-hunting stamps for the Department of the Interior.

In addition, charitable organizations ask that money be received by postmasters for health funds, such as "polio" funds.

There is also the distribution of applicant forms for alien registrations.

The Post Office Department distributes income-tax blanks for the Treasury Department.

Widows and children are certified in January and July for continued pension benefits.

Mr. President, those are some of the items which should be included in the RECORD, in order that citizens may know how much free service the Post Office Department renders.

Mr. JOHNSTON of South Carolina. Mr. President, those are simply a few of the services rendered. One could go on and on.

For instance, considering the work for the FBI alone, every day the 38,000 post offices in the United States receive from the FBI pictures of criminals, with letters, and the personnel of the Post Office Department must read the letters to see what is requested. Sometimes it is necessary to place the pictures on the bulletin board. At other times they must watch for some person at the window, in an endeavor to catch the man if he appears there.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Kansas that the information supplied by the Postmaster General be printed in the RECORD?

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

OFFICE OF THE POSTMASTER GENERAL,
Washington, D. C., January 3, 1958.
HON. FRANK CARLSON,
United States Senate,
Washington, D. C.

DEAR SENATOR CARLSON: This is in reply to your letter of December 27, 1957, requesting information concerning certain nonpostal services performed by the Post Office Department for other Government agencies.

The following are services of this nature performed for other Government agencies without reimbursement:

1. The Armed Forces ask that relatives of deceased servicemen be located.

2. The Housing Administration asks that former tenants be found.

3. The Veterans' Administration asks that we deliver flags for veterans' funerals.

4. The Agriculture Department requests that we report on the sighting of doves.

5. We answer inquiries from Selective Service.

6. The Federal Bureau of Investigation enlists our aid on occasion in law enforcement.

In testimony before the House Committee on Post Office and Civil Service, 84th Congress, 2d session, during the hearings on H. R. 9228, the former Deputy Postmaster General, Mr. Maurice H. Stans, stated that none of the above items cost the Department as much as \$25,000 a year. In all probability the cost of these services amounts—in the aggregate—to about \$100,000 annually.

The article in the Reporter of Direct Mail Advertising to which you refer contains reference to other postal services which are not listed above. These services, with an explanation as to why they are no longer a financial burden on the Department, are listed below:

1. The sale of savings stamps for the Treasury Department.

The Department is reimbursed by the Treasury for this service.

2. The sale of bird hunting stamps for the Department of the Interior.

The Department is reimbursed by the Department of the Interior for this service.

3. Charitable organizations ask that money be received by postmasters for health funds, such as polio.

Postage at regular first-class rates is paid on these mailings. It is estimated that the savings from the bulk handling of this mail offset the slight cost of correspondence involved in making these arrangements.

4. The distribution of applicant forms for alien registrations.

The Department is reimbursed for the cost of this service by the Department of Justice.

5. We distribute income-tax blanks for the Treasury Department.

The Treasury Department pays for the distribution of tax blanks to taxpayers at regular rates of postage. A limited number of additional tax blanks is made available at post offices but the cost is insignificant.

6. Widows and children are certified in January and July for continued pension benefits.

This service is no longer required.

In addition, the Post Office Department sells documentary stamps for the Treasury Department and distributes information for the Civil Service Commission. Post Office expenditures to provide these services amounted in fiscal 1956 to \$180,000 and \$1,700,000, respectively. During the first session of the current Congress identical bills (S. 2128 and H. R. 7908) were introduced in the House and Senate which, if enacted, would provide reimbursement in the above amounts.

In summation, the nonpostal services performed by the Post Office Department for other Government agencies in fiscal 1956 amounted to a total of about \$2 million of which approximately \$1.9 million will be reimbursed to the Department if legislation now before the Congress is enacted during the present session of the Congress.

I hope I have answered your questions satisfactorily and send best wishes for a happy and prosperous New Year.

Sincerely yours,

ARTHUR E. SUMMERFIELD,
Postmaster General.

Mr. JOHNSTON of South Carolina. Mr. President many of our third- and fourth-class post offices exist simply as places where people come to pick up their mail. They do not take in enough revenue to equal the postmaster's salary. In 1956, these 28,000 offices had revenues of \$58 million against expenditures for postmasters and clerks of \$113 million. In the main, public service rather than profit or loss must be the postal yardstick in appraising these establishments.

As the report points out, the committee's findings of public services totaling 15 percent of post-office costs are based on studies by two advisory groups; that is, the advisory group appointed by me for the past 2 years and the advisory group appointed by the Senator from Kansas [Mr. CARLSON] when he was chairman of the committee.

Senators are familiar with the Carlson report issued by the Senate Post Office and Civil Service Committee in 1954. That report carried a study made by the accounting firm of Price Waterhouse & Co., which found that in 1952 the total value of measurable public services that the post office was giving away or selling below cost came to about \$275 million. Last February a Citizen's Advisory Council, set up by a Senate resolution, reported to our committee that public service performed by the Post Office De-

partment in 1955 cost approximately \$392 million. Over and above this figure there were many items of public services that could be precisely measured but definitely existed.

Based on the findings of these two groups, the committee has recognized that a 15-percent public-service value in postal operations is reasonable and proper.

With the adoption of a basic postal policy I am sure the Congress will find the task of determining postal rates considerably simplified. The Post Office Department has stated in hearing that once a basic policy is adopted they can adjust their accounting system to produce the necessary results. I hope the Senate will give the basic postal policy carried in title I of H. R. 5836 its careful consideration. I am sure that the committee's findings set forth under this title should go a long way toward influencing your efforts to adopt a rational set of postal-rate increases.

Second-class rates have already been increased 30 percent since 1951 and third-class rates have been increased 50 percent since that date.

I make a plea for reason in the matter of setting rates, and hope that the results of the deliberations of the Senate will find consistency with postal policy. I commend title I and the report on this title to the careful consideration of Senators.

Mr. President, later in this discussion I shall offer amendments to make further adjustments in first-class, second-class, and third-class mail.

I do not believe the Post Office Department was ever designed to make a profit, yet the committee proposal would, when fully effective, show a profit of over \$150 million annually for the Department.

After taking into consideration the public service aspects as outlined in the policy statement, the profit would be more than \$600 million annually.

I desire at this time to place in the RECORD a list of States and cities showing, for several, the postal bills. Increase these by 60 percent and we can readily see the impact of this bill on State and local governments. Where will the States and cities get the additional revenues needed to meet this cost? From taxes, of course. I want Senators to realize the impact of this bill before voting to accept or reject its provisions.

I hold in my hand reports which I have received from the governors of various States; also reports from mayors of various cities in the United States showing how the bill would affect the cost of postal service. It might be useful to read a list of some of the cities.

Let us go first to California. Los Angeles, Calif., spends \$306,342 annually for total postage. That sum would be increased by 60 percent. Of that sum, \$270,287 is spent for first-class mail alone.

Chicago, Ill., spends \$320,000 annually for total postage; of that sum it spends \$266,000 for first-class mail.

These amounts will be increased by 60 percent. It is stated, by some that the

increase can be passed on to business. In many instances the increase absorbed by business can be deducted from income-tax returns to the extent of 52 percent.

Baltimore, Md., spends \$183,000 annually in total postage; for first-class, \$164,700. All these amounts will be increased by 60 percent under the terms of the bill.

Boston, Mass., spends \$143,318.36 in total postage. Of that sum, \$136,152.44 is spent for first-class mail.

Newark, N. J., spends \$84,535 annually in total postage; for first-class, \$73,381.50.

As I read these figures, the question comes to my mind, How will the increase be paid? The answer is, by taxes in the particular States. The cities and States will have to have the money to buy the stamps, or cut down on the stamps they buy.

California spent for stamps \$1,926,500; that is, the State alone, and I am not speaking of the people in the State, but only of the State government. Of that, \$1,290,755 was for first-class mail. Again I say, it will mean a 60-percent increase in the figures I have read, if the bill is passed.

Arizona: I wish the senior Senator from Arizona [Mr. HAYDEN] were in the Chamber so that he could hear about Arizona. The figure is \$259,952.89.

People forget that so much money is spent for stamps. The amount is \$2.5 billion, approximately.

Let us take Kansas. The amount spent is \$616,000. The figure in Kansas will be increased by 60 percent.

Let us consider South Carolina, my own State. Three hundred and twenty-five thousand dollars is spent for stamps annually in my State. That amount will be increased 60 percent if the bill is passed.

Virginia: The figure is \$500,000, or half a million dollars.

It is not always only the taxpayers who are going to be charged directly with the increase in the amount to be spent for postage, but also the governments—State, city, and county. Of course, I have said nothing yet about counties.

I wish also to refer to the State of Oregon. Oregon spends \$590,000 for stamps. That will be increased by 60 percent if the pending bill goes into effect.

Mr. CARLSON. Mr. President, will the Senator yield?

Mr. JOHNSTON of South Carolina. I yield.

Mr. CARLSON. I wonder whether the distinguished Senator will total the figures, to see if they equal the \$600 million which the taxpayers, rather than the State and local governments, are putting up through income tax and other taxes in order to take care of this amount.

Mr. JOHNSTON of South Carolina. That is the question that came up in our hearings, when the committee considered the subject. Those matters are covered in hearings, so that the people can discover what the States and counties and cities are paying. Taxes will have to be levied to pay the expense.

Some people will be put out of business, particularly some of the businesses that are now operating on a small margin. There was a fear that we would go too far particularly with respect to second- and third-class mail. The committee was warned many times that exorbitant increases would force many businesses to the wall. I do not know how many will have to close up. I do know we should be very careful at a time when the Federal Government and both political parties are crying out for relief for the unemployed and are saying, "We are going to cut taxes," to solve the present unemployment.

I say that the various cities and States will have to increase their taxes to make up a part of the amount which will have to be spent for postage. At the same time a great many businesses which are now having difficulty will be squeezed entirely out of existence.

That is one reason why I have fought some of the proposals which have been made. I believe we should increase the rates. I think certainly we ought to increase the first-class rate to 4 cents, which would bring in more than \$380 million, and we should make other increases. However, I believe that in some instances we have gone a little too far, particularly in connection with second- and third-class mail.

I believe the Senator from Kansas [Mr. CARLSON] will agree with me about a great many of these things. We held hearings day in and day out. The Senator from Kansas attended a great many of those hearings, whereas other Members who are attempting to write this bill did not attend more than 1 or 2 of the hearings, although we had about 30 or 40 hearings in all.

Mr. President, I ask unanimous consent to have printed in the RECORD the reports I am receiving from the various States. All of them have not yet been received from the cities. I should like to have them all printed in the RECORD.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

Mr. CARLSON. Mr. President, will the Senator yield?

Mr. JOHNSTON of South Carolina. I yield.

Mr. CARLSON. Mr. President, I shall not let this opportunity pass without complimenting the chairman of the committee. This has been a long and tedious road of hard work, and the chairman has been very generous and very kind. He heard witnesses for months, and has spent years studying this problem. While he and I do not always agree on every item, we do agree on general principles. The chairman has made to the Senate today, for the first time, a very outstanding policy statement on postal legislation. I commend it to the Members of the Senate. It may be that the policy will be revised before we get through, but it is basic and it is sound and one that we will be looking back to for years to come.

I wish to compliment the chairman of the committee. I know the country will benefit from the bill which has been reported.

Mr. JOHNSTON of South Carolina. Mr. President, I ask unanimous consent that Mr. Edwin A. Riley, Director of the Postal Services Division, Bureau of Operations of the Post Office Department, be permitted to sit on the floor. A great many questions will be asked, I am sure, on the subject under discussion, and we should like to have the benefit of his knowledge.

The PRESIDING OFFICER. Is there objection?

Mr. CARLSON. Mr. President, reserving the right to object—and I shall certainly not object—if it should develop that the minority should wish to have someone sit on the floor also, I sincerely hope the chairman will agree that we may have that permission.

Mr. JOHNSTON of South Carolina. I shall be very glad to accede to any such request. As Senators know, Mr. Riley is thoroughly informed on the subject under discussion, and I believe it would be helpful to have him on the floor.

Mr. CARLSON. This is a subject matter on which we need all the help we can get.

Mr. JOHNSTON of South Carolina. There can be no question about that.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. LANGER. Mr. President, I also wish to compliment the distinguished Senator from South Carolina. He has devoted many, many hours and weeks and months of work, not only to the postal increase bill, but to the pay bill also. As the former chairman of the committee, I know the hundred and one details which arise in connection with bills of this kind, when they are considered in committee, because it is the same kind of bill that was considered when I was chairman of the committee. I know that the distinguished Senator from South Carolina was bothered even on Saturdays and Sundays by men from all parts of the United States taking his time in an effort to show him what the increase in the postal rates on second- and third- and fourth-class would mean to their particular businesses. It is a long, tedious process. I do not know of any committee in the Senate whose chairman does more work and gets less credit than the chairman of the Committee on Post Office and Civil Service. The Senator from South Carolina will agree with me that there is never any opportunity for headlines in connection with that work, unless it is criticism. There is no glory in the work. It represents a terrific amount of hard work. I wish publicly to testify to the fact that the distinguished Senator from South Carolina, who is a Democrat—and I am a Republican—has done an outstanding job as chairman of the committee.

Mr. JOHNSTON of South Carolina. Mr. President, I appreciate what the Senator from North Dakota has said. He is a very faithful member of the committee. At one time he was the chairman, and for many years he was the ranking Republican member of the committee. I can always depend upon him.

The present ranking Republican member of the committee [Mr. CARLSON], who

also was at one time the chairman of the committee, disagrees with me about a few matters. For example, as to the rate for first-class mail. I do not think the increase for first-class mail should be to 5 cents. He thinks it should be, in order to enable the Post Office Department to carry forward its modernization program. I do not think so. I think the modernization program can be carried out without a 5-cent rate.

The retirement fund, which receives \$150 million every year, is now being used by the Government. I think the Post Office Department should be allowed to borrow some of that money, and that a 5-cent first-class postage rate should not be imposed upon the taxpayers at this time, when it is necessary to provide relief wherever possible.

It used to be said that prosperity was just around the corner. Now it is said that it will be along in June or July, which is simply another way of saying the same thing.

But in order to bring about prosperity, the Government has acknowledged that it must do something. There is talk now about a tax reduction, even though the budget is not balanced. The Democrats are talking about a reduction in taxes, as are the Republicans also. Why is there such a suggestion? The object is to prime the old pump, and to put people throughout the United States back to work again.

We who are members of the Committee on Post Office and Civil Service had better watch out. The Post Office does business with a great many small enterprises throughout the United States. Instead of imposing additional financial burdens in the form of increased postage rates, we should consider how far we should go. I realize that there must be some increase, but how much of an increase there should be is a question which all of us must decide now.

Mr. CARLSON. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. CARLSON. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. NEUBERGER. Mr. President, it is not easy to vote an increase in postal rates, particularly in the rate for first-class mail. The easy thing is to tolerate ever-mounting deficits in the Post Office budget—deficits which must be paid by the general run of taxpayers, but which nevertheless are less subject to direct political criticism than is the raising of first-class postal rates.

I am a member of the Senate Subcommittee on Postal Rates, so I have had to face up to this question earlier than have most of my colleagues. My entire experience with this problem leads me to believe that perhaps postal rates should not be set, in the first instance, by a political body like Congress, but that this should be initially an administrative function, subject to congressional review and potential disapproval.

Rates might be fixed, after notice, hearings, and perhaps some appellate review, by the Post Office Department in accordance with broad congressional criteria of service and cost distribution. Then such rates could be sent to Congress and become effective after a certain period of time, unless disapproved, on the precedent of the system which has been used with respect to governmental reorganization plans submitted by the executive.

I have asked the Postmaster General, who has fought so strenuously for rate increases before our committee, whether he would favor this sort of ratemaking procedure, and if so, to send me legislation incorporating his recommendations.

I ask unanimous consent, Mr. President, to have my letter to the Postmaster General printed in the Record at the end of my remarks.

The PRESIDING OFFICER. Is there objection? Without objection, it is so ordered.

(See exhibit A.)

Mr. NEUBERGER. Mr. President, programs similar to this are used in most nations, such as Great Britain and Canada, so that in accordance with general, overall policies, postage rates can be determined by audits and cost accounting, rather than by political pressures.

Postage stamps are not the only thing sold by our Government. The Government also sells national forest timber stumpage, it sells waterpower through the Bonneville system and the TVA; it sells transportation on the Alaska Railroad, it sells innumerable documents and maps and books. Congress does not fix these charges. They are set by certain rigid standards which involve professional appraisals, the collection of amortization costs, or other fiscal yardsticks. Why should not postal rates be subject to similar professional and technical standards?

Mr. President, the purpose of Senate hearings is to bring facts and information before the Members of this body. I entered our recent hearings strongly opposed to any substantial increase in postal rates, particularly in the first-class rate. Yet I think hearings will be of scant benefit unless we are susceptible to evidence which will change our minds. I changed my mind on this issue, because the evidence demonstrated to me that my original premises had been wrong.

NEEDED PAY RAISES WILL ADD TO POSTAL DEFICIT

Certain basic facts are incontrovertible. The post office deficit is now running at a rate of approximately \$700 million a year. In addition, there is on the Senate calendar my own bill—the bill introduced by the chairman of the Committee on Post Office and Civil Service, which I cosponsored and which was reported out by the subcommittee of which I am chairman—to raise the salaries of post office employees, who are trying to meet inflated living costs with pay that is shamefully and woefully inadequate. I believe that enactment of this bill is merited. A majority of Senators supported this bill last summer, before the President of the United States vetoed it. I have every faith they will support it

again. The cost of the bill is about \$270 million.

In other words, the existing post office deficit, plus the thoroughly merited pay increase for postal employees, will soon result in a total post office deficit of about \$1 billion annually, unless postage rates are increased. This is not a theory; it is a condition.

Thus, the basic question facing the Senate is comparatively simple: Shall the potential deficit of \$1 billion be closed by increasing rates to users of the mail service; or shall it be carried by the taxpayers of the United States, when they pay their income taxes and other Federal levies?

A postal deficit of \$1 billion a year, to be sustained through general revenues of Government, means \$1 billion less available each year to be spent on Federal aid to school construction throughout the Nation, or on harbor dredging along the Oregon seacoast, on public works along the Columbia River, on the National Cancer Institute and its urgent research projects, on missiles and nuclear weapons for our defense, or on the conservation of fish, timber, and wildlife. Or it means \$1 billion a year more in taxes, or else another \$1 billion annual addition to the national debt. Those are the choices facing us. I am not aware of any others, if we do not wish to increase postal rates. Certain it is that, if service is to be maintained and if American post office workers are to receive a living wage from the richest Government in the world, the Post Office Department will soon be spending \$1 billion more each year than it takes in from postal revenues.

DEFICIT HAS BEEN \$5 BILLION IN PAST DECADE

As the distinguished President pro tempore, the chairman of our Committee on Appropriations, Senator CARL HAYDEN, has recently pointed out to me, the Post Office deficit for during the past decade has added up to about \$5 billion. Actually, for the postwar period, fiscal 1956 to fiscal 1957, the total Post Office deficit stands at \$5,417,000,000. This represents what the taxpayers have paid for the Post Office, over and above what postal revenues have been collected by it. If that deficit had not been incurred, Congress might have devoted \$5.4 billion to expenditures on health and education, national security, and public works of the types I have already enumerated. It might have reduced taxes, during those years, in an amount totaling \$5.4 billion; or it might have saved \$5.4 billion of our present national debt—which we have just again voted permission to increase—and with it, saved the taxpayers the annual interest charges on that part of the national debt attributable to our accumulated postal deficits.

Mr. President, the annual reports of the Post Office Department show that, for the fiscal years 1946–57, of which I speak, the interest burden of the taxpayers attributable to the cumulative postal deficits of those years alone, adds up to \$658 million. Just in interest on the deficit of the postwar years, without touching the \$5.4 billion principal itself, the taxpayers have paid out \$658 million. To choose an illustration which will be

particularly meaningful, in my part of the country, that is just about enough money to have built two Hells Canyon dams. That much in interest alone might have been saved, if Congress had chosen to limit the deficit rather than spend the money on something else or reduce taxes.

But actually none of these rather happy choices was available to the American public and their representatives in Government. Instead, \$5 billion was collected from the taxpayers of the Nation to pay for postal deficits. That is now past history. But what shall be our policy for the future, when even far larger deficits loom?

Shall low postage rates be subsidized by all the taxpayers, or shall users of the mails pay a greater percentage of the cost of service than they have been carrying?

ALL RATE CLASSES MUST SHARE INCREASED COSTS

Confronted with the deficit figures, even most opponents of rate increases are prepared to admit that something needs to be done to begin closing the ever-widening gap between mail costs and mail revenues. But, as in any issue of this kind, the other fellow is always the one who should pay more. The question is how the increases are to be distributed among different classes of mail users.

Mr. President, I think we would not expect the mail users themselves to agree on that question. As to the pending bill, it is fair to say that the Committee on Post Office and Civil Service has sought to provide, in its fallible judgment, the least objectionable distribution of a disagreeable burden. I doubt that we have made any class of mail users particularly happy. Perhaps additional adjustments and amendments in the bill are justified. But anyone who wishes to attack the major, substantial outlines of the way the increases were distributed—rather than just being against increases altogether—must demonstrate concretely some better way of raising an equal amount of additional revenues from post-office operations.

Immediate protest has, of course, been concentrated on the increased rates for first-class mail—specifically, the increase of letter rates to 4 cents for local mail and 5 cents out of town. Before the committee hearings or report were even published, this increase already found vociferous critics—including, I regret to say, one of my closest Democratic colleagues—who has called it a brazen imposition and similar undesirable things.

In fact, the attacks on the increase in the first-class rate have almost obscured the fact that second- and third-class rates have been equally included in the rate bill. Perhaps this is not surprising, since first-class mail is the mail used by individuals. The letter stamps, including the airmail stamp, are the stamps with which individuals are most familiar. It is, therefore, this particular increase which will be singled out for public attention, and which may be expected to be controversial and unpopular. Furthermore, besides the fact that actually second- and third-class rates are also being raised, and also over the ob-

jections of those particular classes of users, we should not lose sight of the fact that the great bulk of first-class mail is business mail, just as much as is second and third class.

In each class of mail, the protesting users are persons who in their business routine rely on postal services to such an extent that their business costs will be materially increased by increased rates. Some of these use second-class, some third-, many first-class mail. No one wants his costs increased, even though some rise in postal rates is, in the light of the growing deficit, inevitable. I believe, and the majority of the committee so voted, that the increase could not be concentrated within any single class, and that no class should bear a disproportionate increase in the rates applicable to that particular class.

Yet, instead of looking at the relative percentage increase made in the different classes, the argument is stressed that first-class mail is virtually paying its way; therefore it should not be raised, and all the needed increase should be put into those that do not, notably second class.

RATES CANNOT EXACTLY REFLECT COSTS OF SPECIFIC SERVICE

This argument is refuted both by logic and by history. Logically, insistence on rates based on cost of different classes of service is subject to the reductio ad absurdum. Does it reflect cost to have a 3-cent stamp for the social note to your neighbor around the corner and the same 3-cent stamp for a letter from Boston, Mass., to Pendleton, Oreg.? It is a simple hop by plane from Washington to Chicago, but mail must be handled many times between, say, Atlanta and Boise—yet do not both letters carry the same 6 cents postage, under present rates?

Assuming first class and airmail as a whole now pay their way, so far as the cost-ascertainment formula is valid, does that mean the person who buys any particular 3-cent stamp is paying for the cost of delivering his particular letter? Of course not. Depending on where he lives, the destination of the letter, the season of the year, a dozen other factors, he may be getting a bargain, or he may be subsidizing some other user of the mails. Yet if we tried to apply the principle that every mail user should pay only the costs of the service he requires, we would ensnarl both rates and service in a redtape of cost accounting and rate schedules that would certainly accomplish what could not be done by rain, nor snow, nor dark of night.

All of us realize it is cheaper to deliver letters between crowded New York metropolitan areas than along remote rural routes outside of Enterprise, Oreg., or Lewiston, Idaho. Yet not one of us would destroy the uniform mailing-rate privileges for people in farflung countryside areas, because that could endanger the whole valuable system which we know as rural free delivery.

I emphasize the fallacy which it seems to me is bound up in the contention that each class of mail should carry its own weight. This argument has been used by those who attack 5-cent postage for first-class mail. It is just as logical, it

seems to me, to say that every letter should carry its own weight. That would mean, of course, that a letter sent from Portland, Oreg., to New York City would require a far higher rate of postage than a letter sent from Washington, D. C., a few miles to Annapolis, Md. We might just as validly claim that all mail should be self-supporting within a certain State, within the State of Idaho or the State of Nebraska, or that all mail should be regionally self-supporting within a certain geographical area. If we try to cite such alternatives as that, we see very soon how really absurd is the suggestion that we should try to separate each class of mail from every other class in making rates conform to costs.

Obviously, therefore, we have used simple and uniform rates for first-class and airmail, irrespective of costs of service to different users within those categories; and no one to my knowledge has protested bitterly because his valentine note to the girl next door has cost as much to mail as his father's insurance bill, which came all the way from Omaha.

What has been true within first class has historically also been the case as between the different classes. When rate increases are up for debate, some people suddenly discover something sacrosanct in the principle that no class should pay more than the costs allocated to it by the Department's cost ascertainment formulas. Strange, that so little protest has been raised about the 3-cent stamp during the past quarter of a century.

For I am informed by statistical experts of the Post Office Department that first-class mail, all through our history has carried more than its share of the cost. This has been done, I am told, because the entire routine and pattern of Post Office operations are geared to the immediate and expeditious handling of first-class mail.

FIRST-CLASS MAIL HAS ALWAYS PAID MORE THAN ITS COSTS

Let us look at some facts.

In every major postal system in the civilized world, first-class mail traditionally yields more revenue than is spent in its direct handling and delivery.

Historically, in our own Nation, Congress has maintained this policy. It has not been challenged or disputed to any degree, by either the Democratic or Republican Party. In the years 1926 through 1941, first-class mail paid an average of 140.5 percent of its direct costs. This revenue from first-class mail has contributed 50 percent or more to the Department's operating costs. In 1945 the ratio of revenues to expenditures for first-class mail was 164.7 percent.

Since then, because of rising costs, the ratio has steadily declined. In 1956, the year-end expense coverage of first-class mail was down to 96.8 percent, which is about 35 percent of total departmental operating costs.

If we pass the pending bill, the bill which I support, to provide for a 5-cent out-of-town rate and a 4-cent rate for local mail delivery, the first-class expense-coverage ratio will be about 138.8 percent. I stress that this figure will be

less than the 140.5 percent average during the years 1926 through 1941, but it will be more nearly in line with the historic precedent which has guided the Nation's post office system.

Thus history offers as little support as does logic for the claim that first-class mail should not pay more than its own way. It also contradicts such emotional appeals as the claim that such a policy toward first-class rates imposes an unjust burden on mothers who write their sons in far-away military posts. The year 1942, for instance, was marked by many millions of young Americans in distant military outposts in America and overseas. I, myself, was then stationed in Alaska. In that year, the first-class letters sent to these young men by their relatives had to bear 156.6 percent of the costs attributable to first-class mail. In 1945, when far more millions of Americans were overseas, first-class mail rates brought in 164.7 percent of costs. Yet I do not recall in those years any vehement attacks on the 3-cent stamp, on the ground that its excess revenues over first-class costs represented a sinister tax on mothers and wives writing to servicemen. The Presidents in the White House in 1942 and 1945 were Franklin D. Roosevelt and Harry Truman, respectively. The Postmasters General were their appointees. Did critics of the present bill then, or Presidents Roosevelt and Truman were plotting with publishers and other second- and third-class users against the so-called little fellow, and against the families of servicemen because the 3-cent stamp was paying from 156 to 164 percent of first-class costs in those years?

Mr. President, because I have mentioned the great Democratic Presidents of the United States, Franklin D. Roosevelt and Harry S. Truman, I should like to read a telegram which I received only today from a famous former Postmaster General of the United States. This is the telegram:

I strongly endorse the action of the Senate Post Office and Civil Service Committee in proposing increases of postal rates to 5 cents for out-of-town letters and 4 cents for local letters. The badly needed added revenues produced by this action paid for almost entirely by the large business users of the mails will enable the Post Office Department to use \$175 million a year as its share of a \$2 billion program to build new post offices and modernize present ones. These added revenues will also put the Post Office Department on a more nearly self-supporting basis in accordance with the best American traditions. This nonpartisan program deserves the support of the entire Congress. You may release my message to the press if you think it will prove helpful.

That telegram is signed "James A. Farley."

Mr. CARLSON. Mr. President, will the Senator yield?

Mr. NEUBERGER. I yield.

Mr. CARLSON. Do I correctly understand the distinguished Senator from Oregon has received a telegram from former Postmaster General James A. Farley advocating that the bill pending before the Senate at the present time, as reported by the committee, be ap-

proved and passed, in order to modernize and improve our postal operations?

Mr. NEUBERGER. The able Senator from Kansas is absolutely correct.

If I am not mistaken, James A. Farley served as Postmaster General of the United States longer than anybody else in modern times, if, indeed, not longer than anybody else in the history of the postal service.

Mr. CARLSON. Mr. President, will the Senator yield further?

Mr. NEUBERGER. I yield.

Mr. CARLSON. I should like to state it was my privilege to serve in the House of Representatives during the time the Honorable James A. Farley was Postmaster General. I had the privilege of knowing him at that time. Mr. Farley not only was a great Postmaster General, but he was a great American and a truly patriotic citizen.

Mr. NEUBERGER. I thank the Senator from Kansas. I cannot say that I shared with the Senator the opportunity of being in the Congress when Mr. Farley headed the Post Office Department. However, I have had the opportunity of meeting Mr. Farley on many occasions and talking with him. It seems to me that Mr. Farley's very forthright telegram should serve in some degree as a reply to the criticism voiced by former President Truman on Saturday night, when he assailed the proposal for a 5-cent letter rate.

Mr. JOHNSTON of South Carolina. Mr. President, will the Senator yield?

Mr. NEUBERGER. I yield.

Mr. JOHNSTON of South Carolina. Is it not also true that the increase from a 2-cent rate to a 3-cent rate for first-class mail came about in 1932?

Mr. NEUBERGER. The Senator is correct.

Mr. JOHNSTON of South Carolina. Mr. Farley did not assume his duties as Postmaster General until the Democrats took over in 1933. Is that not correct?

Mr. NEUBERGER. That is correct.

Mr. JOHNSTON of South Carolina. At that time, under the 3-cent rate, first-class mail was paying far more than its share of the cost of operation; but Mr. Farley had to go along with what was the condition at that time, did he not?

Mr. NEUBERGER. All during Postmaster General Farley's regime in the Post Office Department the first-class-mail users were paying a far higher proportion of the total cost of operating the Post Office Department than they would be called upon to sustain if the Senate and the House of Representatives adopt the 5-cent first-class rate which is presently under consideration by the Senate.

Mr. JOHNSTON of South Carolina. Is it correct to state that no change in the first-class rate was made during Mr. Farley's administration?

Mr. NEUBERGER. The Senator is quite correct. The first-class rate was not increased while Postmaster General Farley was in the Post Office Department, because under the standards of prices, costs, and wages at that time the first-class mail was bearing far more than its pro rata share of the cost of operation of the Department. There was no need to increase the rate.

I cited earlier figures. For example, in the years 1926 through 1941—which includes, if I am not mistaken, 8 years when Mr. Farley was Postmaster General—the first-class mail paid an average of 140.5 percent of its direct cost. Even if we adopt the 5-cent first-class stamp, which is presently under consideration, we will have a first-class expense coverage ratio of only about 138.8 percent, and thus even with a 5-cent first-class stamp the first-class mail will bear a smaller proportion of the total cost of the Department than it bore when Postmaster General Farley was administering the Department.

Mr. GORE. Mr. President, will the Senator yield?

Mr. NEUBERGER. I am happy to yield to the Senator from Tennessee.

Mr. GORE. What change has there been in the volume of the respective classes of mail?

Mr. NEUBERGER. I cannot tell the distinguished Senator from Tennessee the exact changes in volume. Of course, all mail in every single category has increased enormously in volume, as the country has become more prosperous and as the mail service has become more popular.

Mr. GORE. Would the percentage share of the revenue provided by each particular classification of mail not have more meaning if we had the facts on the percentage increase in the volume of each class of mail?

Mr. NEUBERGER. I fail to follow the reasoning of the distinguished Senator as to how that information would have much bearing on the percentage of the total cost of the operations of the Department which the first-class mail might reasonably bear. What I feel should be considered by the Senate is the relationship of first-class mail to the total operations of the Department.

It is my understanding, from discussions with the career employees of the Post Office Department, that virtually during the entire history of this country first-class mail has borne far more than its actual pro rata share, under the cost-ascertainment system of the Department. We have been in a period now for a quarter of a century when there has been no increase in the first-class mail rate. During that interval, as the distinguished Senator from Tennessee well knows, the cost of everything purchased by the Department has risen. That includes the cost of trucks, gasoline, electric lights, telephones, buildings, stationery, printing, and every possible commodity the Department purchases.

Gradually the historic proportion carried by the first-class mail has dwindled. As I pointed out a few moments ago, in 1956, the year-end expense coverage of first-class mail was down to 96.8 percent, and that contrasts with the fact that between 1926 and 1941 first-class mail paid an average of 140.5 percent, and in 1945, for example, the ratio of revenues to expenditures for first-class mail was 164.7 percent.

Mr. GORE. Mr. President, will the Senator yield?

Mr. NEUBERGER. I am happy to yield.

Mr. GORE. A postmaster recently told me that in his opinion an undue proportion of the time of the employees in his post office was consumed in handling so-called junk mail. Is it the view of the able junior Senator from Oregon that the pending bill provides sufficiently equitable and fair increases in postal rates for so-called junk mail? I know that is a term which is not very pleasing to any particular category of users of mail service, but that is the term which the postmasters use, and that is the term

I use when I drop most of it in the waste

Mr. NEUBERGER. Let me say to my warm friend and seatmate from Tennessee that the protests which I have been receiving from the organizations which mail third-class matter, which is the so-called junk mail, indicate that they think the bill before the Senate loads on them very heavy additional rates.

Let us see what the bill would do. The present piece rate for the so-called circular mail, which prevails with respect to most of this mail, is 1½ cents. The bill which we are debating, and on which we shall soon vote, would increase that rate to 2 cents the first year, and to 2½ cents the second year and thereafter. I think the Senator will agree that that is quite a substantial increase, in view of the fact that the third-class mail users have borne quite heavy increases, dating back to 6 or 7 years ago, if I am not mistaken. By contrast, first-class mail rates have not been increased for more than a quarter of a century.

Mr. GORE. Is it the Senator's view that if the Congress were to increase the rate even more steeply, there would result a more expeditious handling of first-class mail?

Mr. NEUBERGER. The Post Office Department requires a considerable amount of second-class and third-class mail to have an integrated operation. Let me explain what I mean.

I came new to the committee and to the Senate, and I tried to familiarize myself with the operations of the Post Office Department, which is a very complex Department. This is what I learned from the very able officials of the Post Office Department:

The standard schedule and routine of each post office are geared to first-class mail. First-class mail receives priority in handling, delivery, and all its processes. However, there are slack periods in every post office when the first-class mail has been sorted, routed, and delivered.

Unless there were substantial amounts of second-class mail, consisting mainly of newspapers and magazines, and third-class mail, consisting mainly of circulars, there would be very little to do for the substantial crew in each post office. I believe that this bill provides substantial increases for users of second-class and third-class mail.

Let me explain to the Senator from Tennessee what happened. When the bill came before the committee originally, very substantial additional increases

beyond the original proposals in the bill were voted for second-class and third-class users. The able Senator from Kansas [Mr. CARLSON], the ranking Republican member of the committee, is present in the Chamber. I think he will agree with me that the committee went far beyond the bill before it at the time we met, in providing higher mail rates for second-class and third-class users. I honestly believe that those classes should not at this time receive a higher increase than they are called upon by the proposed bill to bear. If we went too far, there might possibly even be a net loss in revenue.

Mr. CARLSON. Mr. President, will the Senator yield?

Mr. NEUBERGER. I yield.

Mr. CARLSON. The Senator from Tennessee has raised a point which will be the subject of much discussion before we conclude action upon the pending legislation. I receive many letters complaining about third-class mail, which people say they do not wish to receive.

Mr. GORE. Do they also describe it as "junk" mail?

Mr. CARLSON. I did not intend to use that term, because that is an unfortunate name for it.

Mr. GORE. It may be unfortunate, but it is the term which millions of people use in describing it.

Mr. CARLSON. Third-class mail brings \$200 million in revenue to the Post Office Department.

Mr. GORE. And probably costs \$400 million in extra clerks.

Mr. CARLSON. No; it does not. It is my opinion that if we were to eliminate it—and I would be opposed to eliminating it—the number of personnel would be reduced only very slightly. I do not believe we would substantially reduce the number of personnel. We must handle first-class and second-class mail. First-class mail receives preferential treatment. Second-class mail comes next; and third-class mail is handled during slack periods in the office. I think the elimination of third-class mail would involve a distinct loss to the Department.

There is discussion with respect to increasing rates. I believe that we should be very careful about the rate on third-class mail. It is the business builder of the Nation in the Senator's State as well as in my State. If a man starts selling smoked hams, for example, he cannot pay \$30,000 for a full-page advertisement in Life, Look, or some other magazine. However, he can buy a few stamps and send out some circulars. The third-class mail service has been the business builder of the Nation. It has been building small business for years. I sincerely hope that the Senate will give serious consideration to that factor.

Mr. NEUBERGER. Is it not true that the third-class mail users, through their organizations and acting individually in various States which we help to represent, have protested to us vigorously, vehemently, and persistently, against the increase proposed in the pending bill?

Mr. CARLSON. I think we conducted some very good hearings on the third-

class mail rate, and that we reported too high a rate. I believe that those who are protesting are making a very good case and I sincerely hope that no one will suggest increases.

Mr. NEUBERGER. I thank the Senator from Kansas.

Mr. JOHNSTON of South Carolina. Mr. President, will the Senator yield?

Mr. NEUBERGER. I yield.

Mr. JOHNSTON of South Carolina. In 1951 our committee—and at that time the Senator from Rhode Island [Mr. PASTORE] and the Senator from Louisiana [Mr. LONG] were members of the committee—recommended an increase in this rate from 1 cent to 1½ cents. At the present time the rate is 1½ cents. The subcommittee had before it a proposal to increase the rate to 2 cents. We thought that was sufficient. If it were increased from 1½ cents to 2½ cents, we found that that service would overpay its way by approximately \$25 million.

We must bear in mind that many people advocate the elimination of third-class mail. However, like the Senator from Kansas, after listening to the various witnesses, I became convinced that that service means a great deal to business throughout the Nation. It is estimated that between \$12 billion and \$15 billion of business is done through third-class mail. It is a stimulant to business. It is used by small businesses which cannot afford to buy a full-page advertisement from the newspapers, or half a page, or even a quarter of a page.

We must bear in mind that there is no preferential treatment whatsoever in connection with third-class mail. First-class and second-class mail must be handled first. Then, and not until then, third-class mail is handled.

It was also brought out in the subcommittee hearings that the Post Office Department officials doubted whether they could lay off any employees or save any money if third-class mail were eliminated, because it was only a fill-in, to use the post office facilities during slack periods. I hope Senators will realize that factor in dealing with third-class mail.

Mr. NEUBERGER. I thank the distinguished chairman of the committee for his observation. I think we should bear in mind that the proposed increase in third-class mail rates would just about preserve the existing ratio in cost as between third-class mail and first-class mail.

Today the prevailing rate for third-class is a cent and a half a piece, and that for first class is 3 cents apiece. If the pending bill is enacted in its present form, after a period of approximately a year and a half or 2 years has elapsed, third-class mail will be costing 2½ cents a piece and first class for out-of-town delivery will be costing 5 cents a piece; therefore, the same 2-to-1 ratio in cost will prevail.

COST ALLOCATION CANNOT DETERMINE RATES

Mr. President, if we thus recognize that costs alone have not and cannot be the measure of fairness of postal rate changes, we must consider whether there are other compelling reasons why first-

class rates should not be raised, and other classes should bear the entire burden.

Let us be very clear that this bill contains substantial rate increases for newspapers and magazines which send their publications through the mails. It contains substantial rate increases for firms which use third-class mailing permits to advertise via the postal service.

These are the firms which have been described by the distinguished chairman of the Committee on Post Office and Civil Service.

Many small periodicals and many small businesses contend that these increases will be a heavy burden on them. It is up to those who make the charge that the new first-class rate is an advertisers' plot, to tell us just what further increases they propose in these second-class and third-class rates, if any.

EVERY FAMILY HAS STAKE IN ALL CLASSES OF MAIL

Who would claim that he is able to determine the ultimate economic impact of any specific postal rate structure on any American family, any particular group, or even on himself? Take second-class rates, for example. Many families subscribe to magazines. Is the delivery of these magazines by the postman a service to these subscribers, or to the publishers and advertisers? Obviously, the answer is, to both. Who can trace how a shift in rates will be distributed and find its way back eventually, in some cases in the form of increased subscription rates, in other cases in increased costs of the advertised goods the family buys?

The same family sends first-class letters. It receives second- and third-class mail. And it pays Federal taxes—its own income taxes and, to an indeterminate extent, corporate income taxes passed on in the form of higher prices. When we shift a part of the present excessive postal deficit from the taxpayers to the postal users, who will pretend to predict the ultimate total impact on a supposed "typical" American family, which must be wholly mythical, anyway?

Mr. CLARK. Mr. President, will the Senator yield?

Mr. NEUBERGER. I yield.

Mr. CLARK. The Senator will recall that for a part of the last session I was a member of the Committee on Post Office and Civil Service, and resigned for reasons with which the Senator from Oregon is familiar. At about the middle of the hearings I was very much concerned about the problem of second-class mail, particularly the large national magazines, some of them weighing a great deal and containing enormous amounts of advertising material which was very profitable to the publishers. Those magazines were carried for what appeared to be pretty much of a free ride so far as the postal rates were concerned.

I wonder whether the Senator could enlighten me as to why, for example, the Rhodes amendment, which was in the House bill, was dropped, and whether—and this is somewhat an allied question—the proposed increases of 20 percent a

year for 3 years on second-class mail rates, so far as advertising is concerned, will maintain the present differential between first-class rates, if the Senator's view prevails, and the second-class rates; or whether, in effect, the first-class rate is getting a heavier boost if we go to 5 cents than the national magazine rates are getting in the second-class category.

Mr. NEUBERGER. To begin with, the distinguished Senator from Pennsylvania, who was such an able member of the Committee on Post Office and Civil Service, must remember that in 1951, if I am not mistaken, second-class periodicals had to bear a substantial increase. The proposed increase amounts to a second substantial increase they will have received in relatively recent years. First class, by comparison, has remained absolutely static as to rates for 1 year more than a quarter of a century.

Mr. CLARK. If I may ask the Senator to yield briefly once more, was there not good reason for that, because on any kind of cost accounting basis first-class mail was yielding a profit and second-class mail was running a deficit, and therefore the increase in 1951 would seem to be justified on that ground?

Mr. NEUBERGER. It seems to me that we have recommended increases which are justified, which are merited, and which are fair for periodicals and newspapers under the second-class rates in the pending bill. I wish to point out to the able Senator from Pennsylvania that the choice before the committee was whether we would adopt these increases or increases substantially less. It was by majority vote of the committee that the present increases were adopted. Some members of the committee wanted to limit the increase on second-class mail to only three 10 percent increases on all content, whether it be of an editorial or advertising nature.

Mr. CLARK. I do not wish to press the Senator with respect to what occurred within the subcommittee.

Mr. NEUBERGER. This was in full committee.

Mr. CLARK. However, it was my understanding that the changes which are incorporated in the pending bill were the ones which were recommended by the subcommittee, of which the distinguished junior Senator from Oregon was chairman.

Mr. NEUBERGER. No; the Senator from Pennsylvania, I regret to say, is not correct in that regard. The Senator from Oregon was the chairman of the Federal Pay Subcommittee of the Committee on Post Office and Civil Service; not the chairman of the subcommittee which considered the matter of postal rates.

Mr. CLARK. Would the Senator indulge me by telling me who the chairman of that subcommittee was?

Mr. NEUBERGER. The chairman of that subcommittee was the distinguished chairman of the full committee, the able senior Senator from South Carolina [Mr. JOHNSTON]. The other members of that subcommittee—and I will be verified as to accuracy by the chairman of the committee—were the distin-

guished junior Senator from Texas [Mr. YARBOROUGH], and the junior Senator from Oregon, on the Democratic side; the distinguished senior Senator from Kansas [Mr. CARLSON] and—I will ask the senior Senator from Kansas to tell me who the other minority member of that subcommittee was.

Mr. CARLSON. The junior Senator from Kentucky [Mr. MORTON].

Mr. NEUBERGER. That is right. The junior Senator from Kentucky [Mr. MORTON].

Mr. YARBOROUGH. Mr. President, will the Senator yield?

Mr. NEUBERGER. I yield.

Mr. YARBOROUGH. It is true, is it not, that the subcommittee did not recommend the 5-cent postal rate?

Mr. NEUBERGER. The subcommittee—if we must go into details as to what happened—took no action within itself on the highly controversial aspect of the pending bill, not only with regard to the 5-cent postage rate, but in connection with the controversial second- and third-class rates. It was decided by the subcommittee and by the distinguished chairman and distinguished ranking minority member—who were both members of the subcommittee—to pass these conflicts for final decision to the full committee. I ask the Senator from Texas if that is not correct. Therefore, none of the disputes over first- and second- and third-class rates was resolved in the subcommittee.

Mr. YARBOROUGH. Mr. President, will the Senator yield further?

Mr. NEUBERGER. I yield.

Mr. YARBOROUGH. When H. R. 5836 went from the subcommittee to the full committee, it provided a 4-cent rate, did it not?

Mr. NEUBERGER. Not only a 4-cent rate for first-class mail, but substantially lower increases for second-class mail and third-class mail. I will ask the distinguished Senator from Texas if that is not also correct.

Mr. YARBOROUGH. I believe that is correct. They were raised, however—

Mr. NEUBERGER. In the full committee the proposed rates for first-class, second-class, and third-class mail were raised.

Mr. MONRONEY. Mr. President, will the Senator yield?

Mr. NEUBERGER. I yield.

Mr. MONRONEY. Is it not also a fact that an amendment was added in the full committee which repeals the law which prohibits the inclusion of the Post Office Department's contributions to the postal workers retirement fund as a cost for postal ratemaking purposes? Will that not have the effect of raising the fourth-class rate by 5 percent or more?

Mr. NEUBERGER. That is correct.

Mr. MONRONEY. Therefore no single class of postal user has been favored in the pending bill. We regret that Uncle Sam's increasing costs make necessary increased rates to meet a part of the postal deficit. Without the increased rates provided in the pending bill, this deficit will total nearly \$900 million. The bill, either as it now comes to the Senate, as amended by the committee

to provide for the nickel postage stamp, or as I hope it will be further amended to provide for only a 4-cent postage stamp, will cover all of the costs legitimately chargeable to the Post Office Department and still provide a slight surplus. These rates will cover all the costs of carrying the mail and the increased pay to the postal workers which I hope will be attached to the bill.

Mr. NEUBERGER. I am glad the Senator from Oklahoma brought to our attention the amendment sponsored by the able Senator from Kentucky, because that also applied to parcel post and included the increases which the full committee provided. His amendment brought about that henceforth the very substantial contribution made by the Department to the retirement of postal employees must be computed for rate-making purposes in the postal structure.

Mr. CLARK. Mr. President, will the Senator yield?

Mr. NEUBERGER. I yield.

Mr. CLARK. I am trying to get an answer to my question, because I am in a quandry as to how to vote on the amendment which my good friend from Oklahoma intends to propose. If I felt that the second-class rates had been increased to a point where national magazines having extensive advertising, and making a large profit, were carrying their share of the load, I would have less hesitancy in voting for a 5-cent first-class rate.

But if, as I fear, all that is happening is that a part of the load which legitimately should be carried by these very profitable concerns is being shifted over to the first-class mail users, then I would certainly be inclined to support the amendment of the Senator from Oklahoma.

I should be happy to have the Senator from Oregon answer my question.

Mr. NEUBERGER. It is impossible, with a slide rule, to tell exactly to what extent the very complex rate structure should apply to the various users. But this basic fact applies to the first-class rate:

From 1926 to 1941, first-class mail paid an average of 140.5 percent of its direct costs. In other words, it paid more than its direct costs.

In 1945, the percentage went as high as 164.7.

But by 1956, because the first-class-mail rate did not change, and because the cost of virtually everything else went up in the interim, the expense coverage of first-class mail, at the end of 1956, was down to 98.6 percent.

If we adopt the rate structure proposed by the pending bill, the first-class-mail expense coverage ratio will be approximately 138.8 percent. This still will be slightly less than the 140.5 percent average during the years from 1926 to 1941.

Mr. CLARK. Can the Senator give us comparable figures for that portion of the second-class mail which carries advertising?

Mr. NEUBERGER. For second-class as a whole—

Mr. CLARK. That is partly editorial and partly advertising. We all know that the big money is made by the maga-

zines which carry advertising. Is there any breakdown as to them?

It was my understanding that Life magazine was receiving an annual subsidy of \$9 million. I wondered if I had been incorrectly informed.

Mr. NEUBERGER. It is my understanding that virtually all publications sent through the mail, not only Life magazine, but also some very small weekly newspapers in Oregon—

Mr. CLARK. Some whose politics might be different from those of Life magazine.

Mr. NEUBERGER. I trust that the rate is not based on a political basis.

Mr. CLARK. I do not care to make it political; I was making an observation.

Mr. NEUBERGER. I believe, based on the material submitted to us, that the Post Office Department is applying the mailing privileges without regard to the political bias of the publication involved.

Mr. CLARK. At least in theory.

Mr. NEUBERGER. We find, in the ratio of revenues to expenditures in second-class mail, that it was, in the year 1955, approximately 21 percent.

Mr. CLARK. Excuse me; what was 21 percent?

Mr. NEUBERGER. The expense coverage percentage.

Mr. CLARK. So there was a 79 percent deficit.

Mr. NEUBERGER. That is correct.

Mr. CLARK. That was for second-class mail as a whole?

Mr. NEUBERGER. That was for second-class mail as a whole, as I understand from the testimony of the Post Office Department at the hearings.

Mr. CLARK. Perhaps I can shorten this discussion by asking this question: What will be the percentage of coverage if the increases in second-class mail recommended by the committee are adopted by the Senate and enacted?

Mr. NEUBERGER. All I can say is that according to the table, if the bill as it came from the House were passed by the Senate, second-class coverage would have gone up—

Mr. CLARK. For second-class mail?

Mr. NEUBERGER. For second-class mail. It would have gone up from 22.9 percent to 29.2 percent.

Mr. CLARK. How about the provision in the Senate committee bill?

Mr. NEUBERGER. I am looking in the report, which reached our desks only today. I have not had an opportunity to examine the report to determine that question.

I am informed by the Senator from Idaho [Mr. CHURCH] that that figure is not set forth. I regret that it is not contained in the committee report. I wish it had been provided.

Mr. CLARK. If I may make one concluding observation, I shall then desist.

I find it very difficult to vote for a 5-cent postage rate on first-class mail which will be utilized to continue the subsidy to the large national magazines which are paying, in my judgment, quite inadequate second-class rates.

Mr. NEUBERGER. Does the Senator from Pennsylvania want to offer an

amendment to increase the second-class rates?

Mr. CLARK. I should be happy to do so, but I suspect that such an amendment would find cold comfort on the floor of the Senate.

Mr. NEUBERGER. It seems to me that the Senator from Pennsylvania, if he is critical of the second-class rates provided in the bill, should offer an amendment to provide higher second-class rates.

As I pointed out earlier, we are confronted with a postal deficit which will reach \$1 billion a year if we pass the postal pay bill. It is easy to criticize a bill on the Senate floor; but unless those who criticize it will provide some alternative, we shall have a \$1 billion postal deficit.

Let me state how the Senate bill differs from the House bill in respect to second-class rates, because the Senator from Pennsylvania is concerned with the second-class rates.

If I am not mistaken—I am willing to stand corrected by the Senator from Kansas [Mr. CARLSON] and the Senator from Kentucky [Mr. MORTON]—the bill which came from the House provided for 4 annual increases of 15 percent in the mailing charges, regardless of the nature of the content. Is that correct?

Mr. MORTON. The Senator is correct.

Mr. NEUBERGER. The bill has been changed by the Senate committee to some degree, and I think in a manner which the Senator from Pennsylvania would favor, if I judge correctly his recent remarks. The Senate committee bill provides for three annual 20-percent increases on advertising content, and three 10-percent increases on editorial content.

Mr. CLARK. I point out to my friend from Oregon that the Senate committee version eliminates the Rhodes amendment.

Mr. NEUBERGER. The Senate committee version eliminates the Rhodes amendment.

Mr. CLARK. That amendment, in my opinion, would have corrected most of this evil.

Mr. NEUBERGER. The Rhodes amendment would have applied a \$100,000 ceiling, so that the larger newspapers and magazines could not have shared in some of the benefits. I think the Rhodes amendment had quite a good deal of superficial appeal.

Still, I wonder, if we decide, as it has been decided ever since the country was founded, that various publications and periodicals should be carried through the mails at somewhat modest rates, whether we should put a ceiling on, say, a publication which has large circulation and deny it most of this benefit. I wonder if we want to deny most of this benefit, for example, to the enlightened Milwaukee Journal, published in the State of the able junior Senator from Wisconsin; or if we want to deny it to an enlightened, informative newspaper like the New York Times.

Mr. CLARK. Personally, I would.

Mr. PROXMIRE. Mr. President, will the Senator yield?

Mr. NEUBERGER. I yield.

Mr. PROXMIRE. I may say, in behalf of the Milwaukee Journal, that its position has always been that the second-class users should pay their way. The Milwaukee Journal says it would be delighted to meet the cost, whatever it is, of the increased postal rates in order to enable second-class mail to pay its way.

Mr. NEUBERGER. Will the Senator from Wisconsin sponsor an amendment to provide that second-class mail shall pay its entire cost?

Mr. PROXMIRE. I point out to the distinguished Senator from Oregon that I am the most junior Democratic Member of the Senate. I am sitting at the feet of Senators, such as the junior Senator from Oregon, who have many years experience in this matter. I am new here.

If the Senator from Oregon will offer such an amendment, I shall be delighted to support it; or if any other Member of this body will offer such an amendment, I shall support it.

Mr. NEUBERGER. When the Senator from Wisconsin refers to my service in the Senate as being many years, he is as chronologically uninformed as some other Members of the Senate are uninformed about postal matters.

Mr. PROXMIRE. I was speaking relatively in relation to my brief service, which is a matter of a few weeks, not a matter of many weeks or months, as is that of the junior Senator from Oregon.

Mr. CARLSON. Mr. President, will the Senator yield?

Mr. NEUBERGER. I am happy to yield.

Mr. CARLSON. I wish to give the Senator from Pennsylvania some figures to which I think he is entitled.

The total revenue from second-class mail, based upon the 1956 cost-ascertainment report, was \$61,970,000.

Taking only the second class publishers' pound rates, which are for magazines and newspapers, the revenue in 1956 from that class of mail was \$52.3 million. In 1957, it was \$52 million.

The bill before the Senate today increases those rates \$25.3 million.

Mr. CLARK. Mr. President, will the Senator from Oregon yield, so that I may ask my friend from Kansas a question?

Mr. NEUBERGER. I yield.

Mr. CLARK. I thank the Senator from Kansas for his figures. I am not entirely certain that I understand them. Do I correctly understand that if the bill shall be passed, second class mail carrying advertising will come close to yielding 80 percent of its direct cost? Perhaps I misunderstood the Senator's statement.

Mr. CARLSON. No, Mr. President; the Senator correctly understood me. I stated the actual figures, as reached by the cost ascertainment method.

We get into difficulty when we discuss whether the full cost or whether 80 percent of the cost will be paid, because there are various methods of figuring. The Senator is a member of the committee, and he has heard of the cost ascertainment method.

The figure I gave, namely \$61,970,000, is the actual revenue in 1956, based on the cost ascertainment report, which

shows that the cost of carrying such mail, according to the figures of the Post Office Department, is \$314,542,000. I should like to add—for I believe this is of interest in connection with our discussion of second-class mail—that we hear much discussion about the percentage of its revenue which the Department receives from magazines and periodicals.

Based on the 1956 cost-ascertainment report, the magazines and periodicals of general interest paid, in 1956, a postage bill of \$30,623,000, out of that \$61,970,000.

The daily newspapers paid \$14,603,000. Those exempt from the zone rates paid \$5,158,000. Other items—for instance, agricultural publications and business and professional publications—are also included.

However, the magazines and periodicals paid approximately 50 percent of the second-class mail revenue.

Mr. CLARK. I thank the Senator from Kansas.

Mr. MORTON. Mr. President, will the Senator from Oregon yield to me?

The PRESIDING OFFICER (Mr. TALMADGE in the chair). Does the Senator from Oregon yield to the Senator from Kentucky?

Mr. NEUBERGER. I yield.

Mr. MORTON. There is one point which we must bear in mind, I believe, in connection with the overall cost of handling second-class mail, according to the cost ascertainment report of the Post Office Department. That is that most of the public-service costs are in connection with the handling of second-class mail, as the chairman of the committee has pointed out.

The Post Office Department performs for the citizens in general from \$50 million to \$400 million of public service. According to the cost-ascertainment report of the Department, most of these expenses are in connection with the carrying of second-class mail.

The major magazines are packaged and are made ready for distribution by zones, and are shipped in solid carload lots between post offices. The hearings contain adequate testimony showing that, under present rates, the major magazines pay more than the out-of-pocket expense to which they put the Post Office Department for carrying them. Furthermore, the pending bill would raise their rates 10 percent a year, for 3 years, on editorial matter; and 20 percent a year for 3 years on advertising matter.

Mr. NEUBERGER. I think those are very substantial rate increases, in view of the fact that these classes have had to bear considerable increases stemming from the 1951 action taken by the Congress.

Mr. MONRONEY. Mr. President, will the Senator from Oregon yield to me?

Mr. NEUBERGER. I yield.

Mr. MONRONEY. I am very sympathetic with the purpose of the junior Senator from Pennsylvania, who wishes to have the magazines, particularly those with extensive advertising, pay a just share of their mailing cost.

I should like to point out that if the postage rate on the magazines of general interest is doubled, only \$30 million will be added to the postal revenue. By

doubling the rate, we would almost certainly insure that a number of magazines would be put out of business. For instances, Collier's magazine has already had to go out of business. The effect would be to concentrate the publishing business in a very few hands.

Mr. CLARK. Does the Senator from Oklahoma believe that the Luce publications would have to go out of business in that event?

Mr. MONRONEY. No; I think the Luce publications are the very ones which would be able to bear the additional cost and which would survive. The Senator should also remember that the publications would not pay the increase out of their own pockets. Instead, it would be paid by the general public, by means of a comparable increase in the rates charged by the magazines themselves.

While doubling the present magazine rates would add only \$30 million of revenue, raising the airmail rate from 6 cents to 8 cents, as provided by the bill, would add \$34 million. I use that as an illustration, because, after all, the purpose of the bill is to produce sufficient revenue to make up for the continuing, enlarging postal deficit; and obviously we wish to keep the mail users in business.

That is why the committee decided—and decidedly very wisely, I believe—that the magazines should pay three increases of 20 percent on their advertising content; but should pay three increases of only 10 percent of their editorial content, this being the public-service part of their content.

That will help the small magazines which are largely devoted to intellectual matters and public discussion, and which are therefore in the general public interest. I refer to magazines such as the Atlantic Monthly. Such magazines carry only small amounts of advertising. The manager of the Atlantic Monthly discussed his problem with me. When I explained to him the effect of the action of the committee, he said, "We can live with that."

If that is so, the Luce publications do not need an amendment—such as will be offered from the Republican side of the aisle—to reduce the 3 annual increases from 20 percent to 15 percent each. I do not think we should change this provision of the wise bill which was reported by the committee. Except for the provision calling for a 5-cent first-class rate, I believe the bill is a good one, and will bear rather equally on all classes of postal users.

Mr. CLARK. Mr. President, I thank my friend, the Senator from Oklahoma. I shall withdraw from the debate. In doing so, I point out that the debate has convinced me of the validity and good sense of the Rhodes amendment.

Mr. LAUSCHE. Mr. President, will the Senator from Oregon yield to me?

Mr. NEUBERGER. I yield.

Mr. LAUSCHE. I should like to obtain some information in connection with the figures given by the Senator from Kansas [Mr. CARLSON]. Did I correctly understand him to say that the cost of deliver-

ing the second-class mail is approximately \$315 million?

Mr. CARLSON. Based on the 1956 cost-ascertainment report, that was the estimate of the Post Office Department. But we have more recent figures which show that at the present time it is less than half that amount. Other members of the committee, including myself, have complained that the cost ascertainment system can be used to prove almost any contention.

I believe the most recent figures show that the cost is approximately half of the \$315 million.

Mr. LAUSCHE. The total income from second-class mail is approximately \$62 million; is that correct?

Mr. CARLSON. That is correct.

Mr. LAUSCHE. The amount paid by the magazines and periodicals is \$30,600,000; is it?

Mr. CARLSON. That is correct, or about 50 percent of the second-class mail revenue.

Mr. LAUSCHE. What cost charges should be made against the magazines and periodicals, in order to break even?

Mr. CARLSON. The table which relates to the 1956 cost-ascertainment report shows, as I have stated, that the total cost of carrying this class of mail was \$314 million. The magazines' share, based on that computation, would be \$95,429,000.

Mr. LAUSCHE. Is the Senator from Kansas able to state what the assignable cost would be under the reduced figure which has just been given?

Mr. CARLSON. It would be approximately half of that.

Mr. LAUSCHE. One-half of \$95 million?

Mr. CARLSON. That is correct.

Mr. LAUSCHE. In other words, the cost would be \$47,500,000, as against the \$30 million now collected?

Mr. CARLSON. That is correct.

Mr. LAUSCHE. I should like to ask a question of the Senator from Oregon: What was the maximum increase which was recommended to the committee, in the case of second-class mail?

Mr. NEUBERGER. During the hearings and discussion, three separate proposals came before the committee. Again, I should like to have my colleagues check on the accuracy of what I shall say, because I am speaking from memory.

We had the House proposals on second-class mail, which were four annual increases of 15 percent each in the rates for second-class mail. We had a proposal which was before us in the full committee for three 10-percent annual increases. Then we had the proposal which was made by a number of members of the committee for three annual 20-percent increases on that part of a publication containing advertising matter, and three 10-percent increases in the part devoted to editorial and informational content.

It was this final plan which was adopted by the committee.

The distinguished Senator from Ohio will see, I believe, if he studies the three

proposals, it was the final plan which was included in the bill that exacts the greatest amount from the large publications with an extensive quantity of advertising, which the able junior Senator from Pennsylvania [Mr. CLARK] was criticizing a short time ago.

They were the three alternatives which were before us.

Mr. LAUSCHE. The maximum figure was adopted by the committee with regard to second-class mail. Is that correct?

Mr. NEUBERGER. On that portion of it devoted to advertising.

Mr. LAUSCHE. From what has been said, it would seem the argument might be made that, on a comparative basis, the second-class charges, as compared with the first-class charges, are inadequate, and that defect might be remedied by bringing the charges on first-class mail down or the recommended charges on second-class mail up. I understand the Senator from Oregon would not be averse to increasing the second-class charges.

Mr. NEUBERGER. We believe we have brought out a balanced bill which is in proportion, because we have to retain in mind the fact that second- and third-class mail rates sustained a very substantial increase 6 or 7 years ago. This is a second, very sizable, increase in rates on those categories in the past 6 or 7 years, whereas this is the first increase in the rates for first-class mail in over a quarter of a century.

I honestly believe we have before us a bill which is reasonable and in proportion. I believe the best demonstration of that is a comparison of first-class and third-class rates, because they lend themselves to a little better contrast. In 1951 the rate on each unit of third-class circular mail was 1 cent. At that time the rate was increased to a penny and a half. Therefore, as of now, under existing rates, the third-class rate is 1½ cents. The first-class mail rate is 3 cents. The pending bill would increase circular third-class mail—so-called junk mail, which is not a fair description—to 2½ cents at the end of 2 years. First-class mail would be increased to 5 cents. So the same ratio of 1 to 2 would still prevail between first-class and third-class mail.

Mr. McNAMARA. Mr. President, will the Senator yield?

Mr. NEUBERGER. I yield to the Senator from Michigan.

Mr. McNAMARA. Perhaps the Senator from Oregon has covered in his remarks the increase in the postal rate applying to library books. I do not know whether he has. I am informed that there is a proposed 25-percent increase immediately in the charges for the mailing of library books. Is that correct?

Mr. NEUBERGER. I may say to the very able Senator from Michigan that I myself have some very strong misgivings about the increase proposed for the book rate and the library rate. When the committee concluded its deliberations, each one of us reserved to himself the right to oppose certain sections of

the bill if he saw fit in his conscience to do so. I believe it is under that particular commitment, that the able Senator from Oklahoma will make his motion to change the first class rate in the bill.

If I understand correctly, the book rate has had a disproportionate increase in recent years, as compared with other rates. I share the view of the Senator from Michigan, unless I misunderstood his view—

Mr. McNAMARA. I am sure the Senator did not.

Mr. NEUBERGER. The easiest way might be, when the Senate finally votes on the various parts of the bill, to modify the increase provided in the book and library rate.

Mr. McNAMARA. The indication from pages 40 and 41 of the bill is that the rate on school and library books will be increased from 8 to 10 cents for the first pound and from 4 to 5 cents for each additional pound or fraction thereof. I think that is a most unjustifiable increase.

Mr. JOHNSTON of South Carolina. Mr. President, if the Senator from Oregon will yield, I should like to set the record straight. We are not proposing any increase in the cost of mailing books by public libraries, religious, educational, scientific, philanthropic, agricultural, labor, veterans, or fraternal organizations.

Mr. McNAMARA. Does not the provision on pages 40 and 41 of the bill so indicate?

Mr. JOHNSTON of South Carolina. The proposal is to increase the rate from 8 to 10 cents for the first pound, and from 4 to 5 cents for each additional pound or fraction thereof, but that increase does not include what the Senator from Michigan is talking about. The Senator upon examination will see that the books to which he has referred are an exception, and that there will be no increase for those items.

Mr. McNAMARA. The wide interpretation placed on this provision is that the bill provides for an increase in the rates for mailing library books. It further requires libraries to get a permit, something they have not had to do heretofore.

Mr. JOHNSTON of South Carolina. That is not an accurate statement. The Senator may say to those who have asked him about it that that interpretation is not correct.

Mr. McNAMARA. Is there no increase proposed for the cost of shipping library books in the bill now before the Senate.

Mr. JOHNSTON of South Carolina. There is not any.

Mr. McNAMARA. Not any at all?

Mr. JOHNSTON of South Carolina. Not any at all.

Mr. MONRONEY. Mr. President, will the Senator yield?

Mr. NEUBERGER. I yield to the Senator from Oklahoma.

Mr. MONRONEY. I, too, had a call from my State librarian today. I explained to him very carefully the only change made with regard to the mailing of library books is that the libraries will have to register their right to enjoy the special rate. The purpose of that is to

prevent the extension of the right granted to libraries so that that privilege can be used commercially by those who may try to cheat and use the special rate. When I explained to my State librarian that we were trying to safeguard this privilege to the libraries he said he was very happy to go to the trouble of registering, to make sure that they are accorded that privilege. The book rate is raised slightly. He said he had no objection so long as others were paying a proportionate increase.

Mr. McNAMARA. If the Senator from Oregon will yield further, I am very much confused by this colloquy. Apparently there is a special rate established in the bill, something different from the existing rate, which can be gotten around by the librarian if he follows a certain procedure. It looks like he will go uphill and downhill and wind up in the same place.

Mr. NEUBERGER. I yield to the chairman of the committee so he may make a reply.

Mr. JOHNSTON of South Carolina. Mr. President, since this question has come up we have received a couple of inquiries. For that reason, I think it would be well to place into the RECORD a statement on the matter, which I now read:

I would like to insert in the RECORD a statement clarifying one technical point. Subsection (b) of section 205, lines 5 through 10 on page 42, requires public libraries and certain other types of nonprofit organizations to furnish to the Postmaster General evidence concerning their nonprofit status. The Post Office Department has assured us that it does not desire to establish any new procedures under this provision. The inclusion of the name of the nonprofit organization upon the shipping label will normally be considered sufficient evidence that the shipment qualifies for the rate provided in section 204 (e) of the postal rate revision and Federal Employees Salary Act of 1948, as amended, and as further amended by this act. Existing regulations of the Post Office Department provide for the acceptance of certain types of shipments under this rate without any special permit or authorization, and the Department has stated that if this portion of the bill is approved as it stands, it will attempt to make these procedures uniform for all types of shipments.

Mr. NEUBERGER. I should like to say a word to the Senator from Michigan [Mr. McNAMARA] about the book rate. The bill provides that the rates on books shall be increased, from 8 cents a pound or fraction thereof and 4 cents on each additional pound, to 10 cents for the 1st pound and 5 cents for each additional pound.

In relatively recent years the book rate has also sustained a substantial increase. It was my feeling that, because of the earlier increase, the advance in the book rates was somewhat disproportionate. I made no protest about that in the committee, because I thought I could not do so with propriety, being an author of books myself. Therefore, I did not raise the issue in the committee.

Mr. McNAMARA. Mr. President, will the Senator yield further?

Mr. NEUBERGER. I yield.

Mr. McNAMARA. I think this colloquy has brought out that there is some

exception provided for library books, one way, in the shipping of the books from the library to the book user. If the book user has to return the book, apparently he will have to pay at a rate other than the so-called special rate. How does such a person obtain a permit to exempt himself from the regular book rate? Apparently that exemption is provided on one-half the transaction, but much of the circulation of books from libraries today is done by mail, both to and from the user. If there is any time that we ought to give further consideration to this matter, it is now.

Mr. JOHNSTON of South Carolina. Mr. President, will the Senator yield to me?

Mr. NEUBERGER. Yes.

Mr. JOHNSTON of South Carolina. The Senator will find that matter is taken care of by the address and wording on the label. The book can be sent back to the library at the same rate.

Mr. NEUBERGER. If I am not mistaken, the State Library of Oregon, when it sends books to subscribers in small communities or in rural areas, where there are not local library facilities, sends the book from the State library mailing department, and also sends along a special label.

Mr. JOHNSTON of South Carolina. The Senator is correct.

Mr. NEUBERGER. The recipient of the book may place the special label on the book when he desires to return it, after he has finished reading the book. It is my understanding that this special provision in the bill will take care of such instances, and the books will be mailed not only by the Oregon State Library but by every bona fide library in the Nation under that arrangement.

Mr. JOHNSTON of South Carolina. That is correct.

Mr. McNAMARA. Mr. President, will the Senator yield further?

Mr. NEUBERGER. I yield.

Mr. McNAMARA. This colloquy has brought out something which was not developed in the report. Are these stickers or special labels to which the Senator refers to be provided by the Post Office Department, or do they have to be provided by the library?

Mr. NEUBERGER. I think they have to be provided by the library.

Mr. JOHNSTON of South Carolina. That does not change the existing law.

Mr. NEUBERGER. The Post Office Department issues regulations to cover such matters.

The Senator from Michigan is always helpful in assisting us in the illumination of problems with regard to legislation, and I thank him for his comments.

Mr. LAUSCHE. Mr. President, will the Senator yield?

Mr. NEUBERGER. I yield.

Mr. LAUSCHE. I am thankful that the Senator from Michigan [Mr. McNAMARA] has asked those questions, because I have received a number of communications with regard to the same subject. My communications, however, also included a query as to educational films and other audio-visual equipment. Is there a provision in the bill to increase the rate on educational films received and sent by schools?

Mr. JOHNSTON of South Carolina. No.

Mr. LAUSCHE. The bill does not so provide?

Mr. JOHNSTON of South Carolina. No.

Mr. LAUSCHE. Those items fall in the same category as books?

Mr. JOHNSTON of South Carolina. They are in the same category.

Mr. MANSFIELD. Mr. President, will the Senator yield?

Mr. NEUBERGER. I yield to the Senator from Montana.

Mr. MANSFIELD. Is it not true that the Post Office Department at the present time is subsidizing second-class mail to the extent of a quarter of a billion dollars, and subsidizing third-class mail to the extent of another quarter of a billion dollars a year?

Mr. NEUBERGER. The presently estimated postal deficit is about \$700 million. By that amount the Post Office Department will fall short of collecting in revenues its full costs.

I should like to ask the able Senator from Kansas [Mr. CARLSON], who, I think, has just given those figures in answer to a question put by the Senator from Ohio, if he will repeat his answer for the information of the Senator from Montana.

Mr. MANSFIELD. If the Senator will yield, I will repeat my question to the Senator from Kansas.

Is it true that the Government at the present time is subsidizing second-class mail to the extent of a quarter of a billion dollars a year and subsidizing third-class mail to the extent of a quarter of a billion dollars a year?

Mr. CARLSON. I will say to the Senator from Montana that I discussed this question with respect to the second-class mail at some length a short time ago. I do not happen to have with me the figures with respect to the third-class mail, but I can obtain them.

I stated at the time of the previous colloquy that the second-class publications—all of those going through the mail—based on the 1956 cost ascertainment system brought in revenues of \$61,976,000, and that based on the cost ascertainment system used by the Post Office Department in 1956 the cost of transporting such mail was \$314,502,000. In other words, the Post Office Department was charging that much cost to second-class mail. It did not cost that much, but that is the figure the Department gave.

Since that time, in 1957, which is the past year, the Department has changed the cost allocation for the second-class mail. The cost is now about half that amount. I do not have the exact figure, but it is about half as much.

Mr. MANSFIELD. On the basis of the figures given for 1956, then, it would appear that the Government has been subsidizing second-class mail to the extent of roughly a little more than a quarter of a billion dollars. I noticed that the Senator from Kansas gave no figures for 1957, but stated that he has been informed by the Post Office Department that the subsidy has relatively

speaking been cut in half. Is that a correct understanding?

Mr. CARLSON. If the Senator will yield further on that point, I should like to say the figure is based on a new method of cost ascertainment in that case.

Mr. JOHNSTON of South Carolina. Mr. President, will the Senator yield?

Mr. NEUBERGER. I yield.

Mr. JOHNSTON of South Carolina. I should like to answer that question. I happen to have in my hand the table furnished by the Post Office Department. Under the new cost ascertainment system, second-class mail shows a deficit of \$101,659,647.

Mr. MANSFIELD. What is the figure for the third-class mail?

Mr. JOHNSTON of South Carolina. That is the figure for second-class mail.

Mr. MANSFIELD. Yes. What is the figure for the third-class mail?

Mr. JOHNSTON of South Carolina. For the third-class mail under the new cost ascertainment system there is shown a deficit of \$108,629,081. That is the new cost ascertainment figure.

I should like to invite the Senator's attention to the fact that so far as first-class mail is concerned we have been taking into consideration a lot of free service.

Mr. MANSFIELD. That is the next question I was going to ask.

Mr. JOHNSTON of South Carolina. I refer to the carrying of newspapers and other such items, which should go second class.

Mr. MANSFIELD. Are the first-class mail operations conducted at a profit?

Mr. JOHNSTON of South Carolina. No.

Mr. MANSFIELD. With a 3-cent rate on first-class mail, is there a profit?

Mr. JOHNSTON of South Carolina. No. With the 3-cent rate there is not a profit. Under the allocation it is very close, but when the operations are put under the new allocation, first-class mail does not show a profit. I refer to the new way of allocating expense.

Mr. MANSFIELD. How much was the loss in operations last year on first-class mail under the 3-cent rate?

Mr. JOHNSTON of South Carolina. Under the new cost accounting system the deficiency in revenue is about \$346 million.

Mr. MANSFIELD. Wait a while. As to first-class mail, how much was the loss?

Mr. JOHNSTON of South Carolina. That is the new ascertainment figure that is shown.

Mr. MANSFIELD. It is stated that the operation of the first-class mail at a 3-cent rate costs the Government \$346 million?

Mr. JOHNSTON of South Carolina. According to the new ascertainment figures, it does.

Mr. MANSFIELD. There must be something wrong somewhere, because first-class mail is the only aspect of the different classes of mail which has been in effect paying its own way. I thought there might be a small loss, but nothing to the extent of \$346 million.

Mr. JOHNSTON of South Carolina. The Senator should bear in mind that

the new system of cost ascertainment charges against the first-class mail a percentage for having preferred treatment.

Mr. MANSFIELD. Can we not simply use figures which speak for themselves, instead of developing new phrases which nobody understands? In 1956 we knew that it cost the Post Office Department, or the Government, a quarter of a billion dollars to carry the deficit on the second-class mail and a quarter of a billion dollars to carry the deficit on the third-class mail. Now we have a new cost ascertainment system, and I do not know what we are talking about.

Mr. NEUBERGER. Let me invite the attention of the distinguished Senator from Montana to two pertinent tables which appear on page 31 of the hearings on postal rates before a subcommittee of the Committee on Post Office and Civil Service of the United States Senate.

Mr. President, I ask unanimous consent that at this point in my remarks the two tables appearing on page 31 of the hearings may be printed in the RECORD.

The PRESIDING OFFICER (Mr. CHURCH in the chair). Is there objection to the request of the Senator from Oregon?

There being no objection, the tables were ordered to be printed in the RECORD, as follows:

Ratio of revenues to expenditures¹ 1st-, 2d-, and 3d-class mail, 1926-56

	Expense coverage (percent)		
	1st class	2d class	3d class
1926.....	129.8	29.2	97.5
1927.....	131.7	29.4	94.1
1928.....	132.5	28.9	91.3
1929.....	131.0	24.1	76.7
1930.....	129.0	25.5	74.1
1931.....	121.0	22.1	71.4
1932.....	112.2	18.5	63.7
1933.....	146.1	18.4	64.3
1934.....	158.1	21.5	74.4
1935.....	150.1	18.9	72.2
1936.....	144.2	19.4	73.2
1937.....	151.1	21.5	78.1
1938.....	150.2	21.5	75.3
1939.....	152.0	21.5	74.6
1940.....	154.4	22.6	74.1
1941.....	155.2	23.6	78.8
1942.....	156.6	23.8	75.6
1943.....	146.1	21.4	71.4
1944.....	164.7	20.1	76.8
1945.....	131.5	18.3	61.5
1946.....	126.4	19.7	56.2
1947.....	130.0	20.2	56.4
1948.....	112.9	19.0	51.3
1949.....	111.9	18.9	53.1
1950.....	113.8	18.7	53.8
1951.....	105.4	16.9	46.2
1952.....	108.3	18.3	57.0
1953.....	105.9	19.7	62.1
1954.....	105.4	21.0	59.9
1955.....	140.5	22.9	77.1
Average 1926 through 1941.....			
1956: Allocated postal costs, plus current pay increases and costs paid by other Government departments.....	96.8	19.5	52.3
If H. R. 5836 is passed: Allocated postal costs, plus pay increases, and costs paid by other Government departments.....	130.1	29.2	77.7

¹ Without regard to reallocation of cost to recognize differential in service or value of mails.

The table clearly indicates that the present expense coverage is below the 1926-41 average and that the postal rate adjustments proposed in H. R. 5836 can be justified on the basis of these historical relationships.

Summary of allocations of revenues and cost to classes of mail and services with computations necessary to reflect factors not carried in Post Office Department accounts, fiscal year 1956

[In millions of dollars]

Class of service	Allocated budgetary expenditures	Nonbudgetary cost or revenue additions			Estimated reallocation of cost for intangible factors	Adjusted cost for revenue requirements	Total revenues	Deficiency in revenues ¹
		Cost paid by other Government agencies	Public service revenue or cost factors (credit)	Increased cost not wholly reflected				
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
1st-class mail.....	978.0	55.8	-----	9.8	+316.3	1,359.9	1,013.7	346.2
Domestic airmail.....	127.5	4.8	-----	.8	+32.4	165.5	150.9	14.6
2d-class mail.....	318.4	17.1	3.1	2.7	-167.6	167.6	65.9	101.7
Controlled circulation.....	7.7	.4	-----	.1	-2.0	6.1	5.7	.4
3d-class mail.....	471.9	28.9	6.0	4.7	-124.9	374.6	266.0	108.6
Subtotal.....	1,903.5	107.9	9.1	18.1	+54.2	2,073.7	1,502.2	571.5
4th-class mail.....	607.9	29.6	15.0	3.7	-----	626.2	592.8	33.4
International mail.....	81.0	2.6	1.1	.4	-----	82.9	85.5	(2.6)
Government mail.....	36.0	1.9	2.8	.4	-----	35.5	34.5	1.0
Special services.....	264.8	15.1	-----	2.9	-57.9	224.9	224.9	-----
All other services.....	19.7	1.0	15.3	-----	+3.7	9.1	9.1	-----
Total.....	2,912.9	157.2	43.3	25.5	-----	3,052.3	2,449.0	603.3

¹ Does not include any amounts for Department's modernization program, possible railroad rate increases, or depreciation of public buildings used in the postal service.

Mr. NEUBERGER. Mr. President, I should like to read to the able Senator from Montana the heading above this particular chart. If I am not mistaken, the chart was brought before the committee by Mr. Maurice Stans, who was at that time Deputy Postmaster General. The heading is: "Summary of Allocations of Revenues and Cost to Classes of Mail and Services With Computations Necessary to Reflect Factors Not Carried in Post Office Department Accounts, Fiscal Year 1956."

These are the deficiencies in revenue for various classes of mail listed under the heading in the chart provided by the Post Office Department—

Mr. MANSFIELD. Can the Senator give us the first-class deficiency?

Mr. NEUBERGER. The first-class deficiency is listed as \$346.2 million; domestic air mail, \$14.6 million; second-class mail, \$101.7 million; controlled circulation, \$0.4 million; third-class mail \$108.6 million; fourth-class mail, \$33.4 million; Government mail, \$1 million; and so forth, for a total of \$603.3 million.

Let me say to the able Senator from Montana that the complex variety of charts, which must be analyzed and interpreted by individuals as frail as he and I—at least speaking for myself—set forth very plainly to me why postal rates should be set administratively, as they are in most other countries.

Mr. MANSFIELD. It has been my understanding that first-class mail paid its own way, or almost paid its own way. However, on the basis of the figures submitted by the distinguished Senator from Oregon and the distinguished Senator from South Carolina, chairman of the subcommittee, are we to understand that the loss suffered in connection with first-class mail is \$346 million a year?

Mr. NEUBERGER. The only thing I can say is that that is the information we have, according to the computation brought to our subcommittee by the then Deputy Postmaster General of the United States.

Mr. MANSFIELD. For 1957?

Mr. NEUBERGER. This is for fiscal year 1956.

Immediately after this chart appeared in the proceedings, Mr. Stans, who was then Deputy Postmaster General—I believe he has since been succeeded by Mr. Sessions, and the RECORD should show that fact—spoke as follows:

Mr. STANS. First-class mail is not bearing its fair share of the burden of increased cost. Letter mail revenues which in 1946 covered 41 percent of total postal costs now cover only about 32 percent. Even if this bill is enacted—

That was a 4-cent bill—

letter mail will still not have faced the same proportion of increase in rates that second- and third-class mail have met in the last 25 years. Second-class mail, for example, will have increased 63 percent over the level of 25 years ago, and third-class rates will have increased 104 percent as compared with an increase of only 33 percent for letter mail.

Those are the words of the Deputy Postmaster General of the United States.

Mr. MANSFIELD. Mr. President, will the Senator from Oregon yield for a further question, and a request?

Mr. NEUBERGER. I yield.

Mr. MANSFIELD. We have been discussing the question of subsidies this afternoon. The word "subsidy" is a horrid word. We pay subsidies to the farmers. We pay subsidies through the Post Office Department, to take care of our citizens. I wonder if it would be possible to obtain a compilation listing the amount and number of subsidies paid by the Government of the United States, not only to farmers, but to various newspapers, magazines, railroads, steamship lines, and airlines. I should like to obtain as clear and complete a picture as possible of the subsidy situation, so that we may know what we are talking about when we discuss subsidies. I can think of no better committee of which to make such a request than the Committee on Post Office and Civil Service.

Mr. NEUBERGER. The distinguished chairman of the committee is

present in the Chamber. I think he would have much more influence than I would have in requesting such information, if, indeed, that type of information is available. If it were available on an accurate basis, I agree with the Senator from Montana that it would be most useful and valuable for the Senate to have such information before it.

Mr. MANSFIELD. The reason I make the request is that I am becoming somewhat tired of the farmer being singled out as the only one who has his nose in the public trough. I think the entire picture should be laid bare. I should like to request the distinguished chairman of the committee, the Senator from South Carolina [Mr. JOHNSTON], to do what he can to provide the Congress and the people with as complete a picture as possible of the subsidies paid by our Government to all segments and elements of our economy.

Mr. NEUBERGER. I will allow the chairman to reply. That is a big order.

Mr. JOHNSTON of South Carolina. Mr. President, that is a big order. The Post Office Department would have to gather the information, and it would require a great deal of time to do it.

However, it may be said that practically every newspaper and every magazine is subsidized to a certain extent, beginning with the small county newspapers, which now are given free delivery within the county.

Mr. MANSFIELD. I want this information to go beyond the Post Office Department.

Mr. JOHNSTON of South Carolina. It would be difficult to obtain it. It would be difficult to show the cost. County newspapers, for example, are simply carried free of charge.

Mr. NEUBERGER. Mr. President, in the pending bill we cannot deal with all the other subsidies. What the bill attempts to do is to reduce, to some degree, the huge deficit facing the Post Office Department.

Mr. MANSFIELD. Mr. President, will the Senator yield?

Mr. NEUBERGER. I yield.

Mr. MANSFIELD. I have been trying for years to find out just what is being paid in subsidies by the Government of the United States. I cannot get the picture. I am told day after day how much the farmer is costing the Government. I want to find out what the business segments and the other elements of our economy are being paid by the Government of the United States, or, to use a word which is unpleasant politically in some quarters, to what extent they are being subsidized by the United States. I think the people and the Congress are entitled to such information. I have been trying for years to obtain it.

Mr. JOHNSTON of South Carolina. Mr. President, will the Senator yield?

Mr. NEUBERGER. I yield.

Mr. JOHNSTON of South Carolina. I suggest to the Senator from Montana that he read the report of the Citizens Advisory Council. It is voluminous, but it will give information along the line of that which he desires.

Mr. NEUBERGER. Mr. President, does the Senator from Montana believe

that it would be advisable to increase the rates provided in the bill for second-class and third-class mail users, who are predominantly the business users?

Mr. MANSFIELD. I am unable to answer the Senator definitely at this time. I am seeking information, and I am raising questions in the hope that I can find answers, so that I may make up my mind definitely as to what would be in the best interests of the public in deciding on the measure which is now before the Senate.

Mr. CHURCH. Mr. President, will the Senator yield?

Mr. NEUBERGER. I yield.

Mr. CHURCH. I should like to comment on the colloquy which has taken place between the distinguished Senator from Oregon and the distinguished Senator from Montana.

A few minutes ago the distinguished Senator from Montana asked some questions relating to third-class mail, second-class mail, and first-class mail. Obviously the purpose of his questions was to ascertain how much of its way third-class mail is paying, how much of its way second-class mail is paying, and how much of its way first-class mail is paying.

For many years we have had a method of bookkeeping in the Post Office Department which everyone understood. The ingredients of that method were understood by all. When that method was used, the figures made sense.

When the Postmaster General first came before the Committee on Post Office and Civil Service, he was using that method of bookkeeping, the so-called method of allocated costs. I remember very clearly—because it was in response to questions which I put to the Postmaster General—that he told me then that third-class mail, on the basis of the traditional method of allocated costs, was paying 54 percent of its way, under current rates; that second-class mail was paying 21 percent of its way; that first-class mail was paying 97 percent of its way, or nearly its full cost; and that air mail was paying 100 percent of its way. That was on the basis of a well-understood system of accounting, a traditional system which had long been used by the Post Office Department.

I suggest to the Senator from Montana that one of the reasons the Post Office Department has now suddenly come up with a brandnew system of accounting, which no one, including all the members of the committee, I am sure, thoroughly understands, is that on the basis of the old system, which everyone understood, the Department could hardly make out a case which would justify a 5-cent stamp.

Now the Department comes up with a new system. I defy any member of the committee to explain what the ingredients of the new system are. It is coincidental, at least, that the new system suddenly justifies a nickel stamp by allocating to first-class mail, for the first time, an enormous deficit which heretofore has not existed.

I suggest to the Senator from Montana that in the interest of good public policy it is hardly the time to change the bookkeeping system in the Post Office De-

partment, when we are trying to determine what the fair rate should be.

I prefer to refer to a standard of measurement which has been well known and well understood, by which standard, according to the testimony given by the Postmaster General himself, first-class mail was paying nearly its own way and air mail was paying its own way. For that reason I do not feel that the 66⅔-percent increase which the nickel stamp would bring about is justified in the public interest.

Mr. MANSFIELD. Will the Senator from Oregon yield so that I may ask the Senator from Idaho a question on that point?

Mr. NEUBERGER. I yield.

Mr. MANSFIELD. Am I to understand, according to what the Senator from Idaho has said, that in the year 1956 the loss attributed to first-class mail, with 3-cent postage, was just under \$30 million, and that in the year 1957, with the use of a new accounting procedure, the loss has amounted to \$346 million?

Mr. CHURCH. The Senator is correct.

Mr. MANSFIELD. In other words, the increase in the loss has been from \$29.9 million to \$346 million?

Mr. CHURCH. The Senator is correct.

Mr. NEUBERGER. I should like to comment on the observations by the Senator from Idaho and the Senator from Montana. If the criticism of the Senator from Idaho is valid, is he opposed also to a 4-cent stamp, as he is opposed to a 5-cent stamp?

Mr. CHURCH. Let me make it perfectly clear that I am not opposed to increasing the first-class rate by 1 cent. I recognize the need of increasing postal revenues for the purpose of modernizing the Post Office Department and for materially reducing the enormous Post Office deficit. If I am to be responsible, I must recognize that need, especially if I am to vote to increase the wages and salaries to be paid the Post Office employees. I know we cannot substantially increase postal revenues without making an adjustment in the first-class rate. The question is, What is the fairest adjustment to make? I believe no case for a nickel stamp has been made which is persuasive to me.

Mr. NEUBERGER. The Senator from Idaho is not then convinced by the fact that even if we vote for a nickel stamp the first-class mail will not bear as high a proportionate share of its total cost as it has in the years from 1926 through 1941? That is not at all convincing to him, is it?

Mr. CHURCH. I would say to my good friend from Oregon that the argument that we should determine what a fair and equitable rate for first-class mail is on the basis of the historic experience of the Post Office Department in previous years does not seem to me to be persuasive.

The fact that the first-class rate paid more than its own way by 120 percent or by 140 percent in any given number of years—and one can cite those years which will best bring out that which will

be most conducive to the argument—does not seem to be pertinent.

The pertinent question is what, in the public interest, should the first-class rate bear? Is it in the public interest that letter writers should pay not only the full cost of the Post Office Department in handling letter mail, but that it should pay, in addition, 20 or 30 or 40 percent more in order to subsidize other classes of mail?

I recognize, as the Senator from Oregon well knows, that we will add an additional amount, over and above the actual out-of-pocket cost of handling first-class mail, in order to make up for the preferential treatment first-class mail receives.

I am willing to add it, and I think the 4-cent rate, increasing the present rate by 33⅓ percent, is a fair measure, taking into consideration the preferential treatment that this mail gets. That is why I am in favor of increasing the rate by 1 cent.

Mr. NEUBERGER. The Senator from Idaho says that the historic pattern of operation of the Post Office Department should have no bearing here. By that implication, there have been in the Senate and the House during all the past years men and women who did not represent the public interest. If it is wrong to have first-class mail bear more than its share of the cost under a cost-ascertainment system, why did not illustrious Senators like Senator Borah from Idaho and Senator McNary from my State and the great Senator Norris from Nebraska do something about it? They were in the Senate in the years when first-class mail bore a far heavier share of the cost than it is called upon to carry under the 5-cent stamp. There is no record that those distinguished champions of the people raised such an issue.

I daresay the reason those great Senators did not raise that issue is that every post-office department in the civilized world must gear its operations, physically and financially, to first-class mail. The personnel is built around it. The buildings are adapted to it. The entire routine of the department is adjusted to it.

Let me read a few points which were brought before us by the Deputy Postmaster General, showing how everything is geared to first-class mail. He pointed out why it is nearly impossible or extremely difficult to work out an accurate cost-accounting system. Let me read a few points. I read from page 30 of the hearings:

2. In business areas of cities, mail is both collected and delivered. Second and third delivery trips are also extended to business offices every day. The only purpose of the second and third delivery trips is to expedite delivery of first-class letters, but letter carriers also take along second- and third-class mail that is ready for distribution. In the cost-ascertainment system, the cost of these delivery trips is allocated on the basis of the classes of mail handled. However, the second and third delivery trips would not be necessary at all if it were not for the need of expediting letter mail. The Post Office Department spends approximately \$52 million annually to provide collection service and second and third delivery trips. This

expense could be avoided almost entirely if it were not for first-class matter.

If we are going to get away from this basis and adopt a totally different pattern of adjusting postal costs, then I say we are going to be in grave danger indeed.

The Senator from Idaho and I help to represent States which have vast rural areas. If we are to adopt that kind of a system, and say that second- and third-class mail should bear their full share of the cost, but we will not increase the postage on first-class mail in accordance with the historic pattern of the United States and approximately every other country in the free world, then we are not very far from saying that each separate letter should bear its fair share of the cost.

It is my understanding that every individual letter delivered on remote rural free delivery routes, in States with vast mountainous districts like Oregon and Idaho, costs many, many, many times what it costs to deliver a letter in New York City or Washington, D. C., or Chicago, Ill.

Does the Senator wish to come to a system in which a letter delivered on a route out of New Meadows, Idaho, or Joseph, Oreg., will cost 15 or 20 times what a letter delivered in an apartment house in New York City will cost? I do not.

Mr. CHURCH. In response to the comment made by my good and amiable friend the Senator from Oregon, I would say, first of all, that it does not seem to me that the issue before the Senate involves what our former colleagues 10 or 20 or 30 years ago did or should have done with respect to the question which is now before us. The question before us is what is a fair rate to impose on first-class mail in the light of the current facts.

I have already indicated that on the basis of the old, traditional system of allocating costs in the Post Office Department, under current rates first-class mail is almost paying its own way.

I have also indicated, in view of some of the things to which the Senator from Oregon has referred, such as the preferential treatment given first-class mail and the way the Post Office is established to accommodate the needs of first-class mail; and further, in view of the large Post Office deficit and the need for modernization, that I am willing to increase the rate for first-class mail by as much as 33⅓ percent. I do this precisely in order that first-class mail shall bear its just burden, having in mind the very considerations which the Senator from Oregon has specified.

But the plain fact of the matter is that the 5-cent stamp is being asked for not in order that first-class mail shall bear its just burden; no, indeed. The 5-cent stamp is being asked for by this administration and by its Postmaster General for the purpose of modernizing the Post Office Department. That is the burden of the administration's case; that was the burden of the Postmaster General's argument every time he came before the committee. The proposal has nothing to do with what should be the burden of

first-class mail in the public interest; it has, rather, to do with the need for modernizing the Post Office Department. The proposal is not to spread the entire cost of the modernization program over all the users of the mail, second and third class included, but to let it be borne entirely by the letter writers and others who use first-class mail. It seems to me that that is the major proposal in the light of the argument made for it by the administration. It has nothing to do with what costs first-class mail should justly bear in the public interest, but is a case which is clearly unwarranted and undesirable. I, for one, cannot support it for that reason.

Mr. NEUBERGER. Mr. President, will the Senator yield for a question?

Mr. CHURCH. The Senator from Oregon has the floor.

Mr. NEUBERGER. I understand; but I wish to ask the able Senator from Idaho a question.

Will the Senator from Idaho offer an amendment, today or tomorrow, to increase the second-class rates above those recommended by the committee?

Mr. CHURCH. Let me make my position clear on that point. As the Senator from Oregon well knows, the bill involves very substantial increases in both second- and third-class rates. As he also well knows, I supported in the committee an amendment pointed toward increasing the rates for both second- and third-class mail even further than the level recommended by the subcommittee.

Mr. NEUBERGER. For the purpose of accuracy in the Record, there was no specific recommendation by the subcommittee. The subcommittee did not adjudicate the various issues but left it to the full committee. I say that in fairness to the members of the subcommittee.

Mr. CHURCH. In that statement I concur. But the bill before the Senate would increase the second-class rates 10 percent a year for 3 years on editorial matter, and 20 percent a year for 3 years on advertising matter. That represents a very large increase in rates.

As for third-class mail, the bill would increase the rate from 1½ cents to 2 cents in the coming year, and from 2 cents to 2½ cents in the year following.

Mr. NEUBERGER. That is correct.

Mr. CHURCH. That is another very large increase in rates. If we were to take second-class mail all by itself, and if we were to increase the rates enough to take care of the entire cost of the Post Office for handling this mail, then, as the Senator from Oregon well knows, it would be necessary to increase the rate 300 percent or more. The dislocating effect that such action would have upon business everywhere in the Nation would be disastrous.

So in view of that, in fairness to the public interest, I have supported the substantial increases, as large as business could possibly accommodate, both in second- and third-class rates; and I am also supporting an increase in the first-class rate which seems to me to be fairly designed to make certain that first-class mail carries its just share of the burden within the Post Office Department.

I think this is all in the public interest; but I cannot see how a nickel stamp for first-class mail is justified.

Mr. NEUBERGER. The money will have to be obtained somewhere. The Senator from Idaho does not want to increase second- and third-class rates further, because he does not want to place an undue burden on business. The Senator wants to cut back the proposed first-class rate to 4 cents.

Mr. CHURCH. Cut it back? That is a 33⅓-percent increase.

Mr. NEUBERGER. I said "the proposed first-class rate." The Senator from Idaho proposes that the postal deficit that will then be left shall be collected generally from the taxpayers of the United States.

Mr. CHURCH. I should like to answer that proposition.

Mr. NEUBERGER. Will the Senator let me finish, please? I have the floor. I am trying to be brief.

Is it not true that while the Senator from Idaho is unwilling to raise the rates on second- and first-class mail further, and wants the first-class rate increase held to 4 cents, he is proposing a general levy on all the taxpayers of the United States to subsidize, if I may use the word first introduced by the able Senator from Montana [Mr. MANSFIELD], the users of the mails?

Mr. CHURCH. Has the Senator from Oregon finished his question?

Mr. NEUBERGER. I have.

Mr. CHURCH. I think I can best answer the question in this way: The rate schedule I support is a schedule which will vastly increase the revenues of the Post Office Department in a way which fully conforms with the postal policy contained in the bill.

The committee, after learned and exhaustive study, which I do not, on the floor, propose to contest, has said that it is in the public interest to recognize that the Post Office Department performs certain public services the cost of which ought to be borne by the taxpayers at large. The committee, in its considered judgment, has said that this service ought to constitute about 15 percent of the cost of the operation of the Post Office Department.

We can pass a postage rate bill which will not include a nickel stamp for first-class postage. We can increase the first-class rate to 4 cents, we can adopt the postage rates for second-class mail as contained in the bill, and we will still raise enough revenue to permit us to increase the wages of the post office employees, and end in the coming years with an operating deficit which will be in an amount smaller than the 15 percent contained in the postal policy of the bill, which is justly and properly allocable to the public interest, and therefore should rightly be borne by the taxpayers at large.

I cannot see anything in the whole case which justifies a nickel stamp for first-class mail—and that in spite of the splendid presentation which has been made this afternoon by my good friend, the distinguished junior Senator from Oregon.

Mr. CARLSON. Mr. President, will the Senator yield?

Mr. NEUBERGER. I yield.

Mr. CARLSON. I wish to ask the Senator from Idaho if he was operating here today as a rural carrier or as a city carrier. I have noticed that he operated very effectively over the entire floor; but under the rules of the Senate a Senator is supposed to speak from the seat he occupies, instead of over the entire floor.

Mr. NEUBERGER. I think we were all pleased with the oratory of the distinguished Senator from Idaho.

Mr. LAUSCHE. Mr. President, will the Senator from Oregon yield?

Mr. NEUBERGER. I yield.

Mr. LAUSCHE. Perhaps the Senator from Kansas can help in the answering of my question. In the event the bill is passed as recommended, and the wage increase is granted, what will be the deficit which will exist at the end of the year?

Mr. CARLSON. Mr. President, I hesitate to take the time, but I have the figures before me: If House bill 5836, as passed by the House of Representatives—in other words, the bill which calls for the 4-cent rate—is enacted, and if the Senate pay bill (S. 27), which now is on the calendar, is enacted, according to the figures given me by the Bureau of the Budget, the deficit will be \$495 million.

Mr. LAUSCHE. By what amount will that be reduced if the rate for first-class mail is increased to 5 cents?

Mr. CARLSON. If House bill 5836 is amended so as to provide for a 5-cent first-class rate on non-local mail, and if Senate bill 27, as it is now on the calendar, is enacted, the deficit will be \$321 million.

Mr. LAUSCHE. Then, even though the bill as recommended by the committee, and to which support has been given by the Senator from Oregon—

Mr. JOHNSTON of South Carolina. Mr. President, let us keep the record straight. The \$175 million will have no effect on the postal deficit, for it will be spent for other purposes.

Mr. NEUBERGER. However, it will be spent by the Post Office Department.

Mr. JOHNSTON of South Carolina. It will be spent by the Post Office Department for modernization. That will be an additional expense.

Mr. NEUBERGER. Surely the distinguished chairman of the committee is not opposed to modernization of the Post Office Department.

Mr. LAUSCHE. Then, Mr. President—

The PRESIDING OFFICER (Mr. YARBOROUGH in the chair). Does the Senator from Oregon yield; and, if so, to whom?

Mr. NEUBERGER. I yield to the Senator from Ohio [Mr. LAUSCHE], to permit him to continue his questioning of the Senator from Kansas [Mr. CARLSON].

Mr. LAUSCHE. I thank the Senator from Oregon.

Then, Mr. President, I understand that a part of the deficit will result, allegedly, from capital improvements which will be made by means of the construction of new post-office structures.

Mr. CARLSON. I should like very

much to keep the record straight. The chairman of the committee has made a very accurate statement. If one additional cent is charged, the Post Office Department will set aside \$175 million for capital improvements, for modernization of the Post Office Department. That will relieve the Appropriations Committees and the Congress from voting for appropriations for that purpose, whereas in past years we have been voting for such appropriations. So there will be that much difference.

Mr. JOHNSTON of South Carolina. Also, if the bill including the 15-percent provision is enacted, the budget of the Post Office Department will be more than balanced.

Mr. CARLSON. Mr. President, of course I cannot agree with that statement.

Mr. JOHNSTON of South Carolina. Let the Senator from Kansas figure out for himself what 15 percent of \$3 billion is. I think he will find that it amounts to \$450 million.

Mr. LAUSCHE. That is to say, the committee has tried to make the Post Office Department self-sustaining, or as nearly so as possible; is that correct?

Mr. MORTON. Mr. President, will the Senator from Oregon yield to me?

Mr. NEUBERGER. I yield.

Mr. MORTON. There are certain expenditures—although no one agrees as to what their exact amount is—which are made by the Post Office Department in the public interest. The committee has decided, based on its report, that the answer is \$394 million. Someone else might decide that the answer is \$250 million. Someone else might decide that the answer is \$500 million. However, the Post Office Department spends a substantial amount of money in the general public interest, not for any particular user of the mail. Many of those items have been stated today for the Record, so I shall not repeat them.

I believe that the committee is trying to get the Post Office operations on a break-even basis, taking into consideration what we believe to be the necessary public-service operations which should be paid for out of the general tax revenues.

My own feeling is that the amount is somewhere in the neighborhood of \$200 million.

Mr. LAUSCHE. What is wrong with trying to make the second-class mail come closer than it now does to paying for the service it receives? I fail to understand why there is hesitancy about placing a greater burden on the second-class mail.

Mr. MORTON. Mr. President, if the Senator from Oregon will yield again to me, I shall attempt to answer.

Most of the public-service items to which I have referred come under the second-class mail; certainly many of them do. For instance, in that connection I refer to the free distribution of county newspapers and similar items.

The trouble is that when we begin to deal with the second-class mail problem, we think only of large newspapers and magazines. As a matter of fact, the major magazines are about paying for the out-of-pocket expenses to which

they put the Post Office Department, in order to carry them. But the other items—most of the public-service items—come in the second-class category, and that distorts the entire picture.

For instance, in the case of a magazine such as the Saturday Evening Post, the Post Office Department is just about receiving from the publisher of the Saturday Evening Post the out-of-pocket expense entailed by distributing it. The Saturday Evening Post comes to the Post Office Department already wrapped, and sorted by cities and by zones, and is shipped in carload lots between post offices—for instance, to the Chicago Post Office, and so forth.

On the other hand, many post office services in the second-class group—I believe the chairman of the committee has a list of them—are handled at 25 percent or 50 percent of the cost, because that is a policy the Congress has established; and I am in favor of it. I refer to the distribution of religious papers and similar items.

That is why I believe it is easy to become confused in approaching the second-class mail problem, because the second-class mail includes many items of that sort, many items of a public-service nature.

Mr. LAUSCHE. Mr. President, I shall support the amendment if I become convinced that the second-class mail is not paying its fair share, but is being subsidized to the extent of the amounts stated during the debate today.

Mr. NEUBERGER. But, Mr. President, one of the mistakes commonly made, not only by the public, but also by the Members of the Congress, is in attributing to the so-called large newspapers and magazines, which occasionally make convenient whipping boys, all the second-class mail costs which relate in some cases, to the handling of farm periodicals, labor publications, church journals, publications of eleemosynary and charitable groups, and so forth. That is not fair.

Mr. President, I should like to conclude my remarks; several of the things I shall have to say bear on the point which has been made by the Senator from Idaho [Mr. CHURCH].

Mr. CARLSON. Mr. President, will the Senator from Oregon yield very briefly to me?

Mr. NEUBERGER. I yield.

Mr. CARLSON. Earlier today the distinguished Senator from Oregon read a telegram from a former Postmaster General, James A. Farley, who urged enactment of the pending bill.

Since the Senator from Oregon began to speak this afternoon, another former Postmaster General has sent, from Kansas City, Mo., a telegram dated 2 p. m., which would be 3 p. m. by the time in Washington, D. C. The telegram reads as follows:

KANSAS CITY, Mo., February 25, 1958.
HON. ARTHUR E. SUMMERFIELD,
Postmaster General,
Post Office Department,
Washington, D. C.:

It is imperative that postage rates be re-adjusted upward promptly. The much needed increase in postage rates is long overdue. I appeared before the House commit-

tee on April 19, 1956, and supported the bill that passed the House. I filed a written statement with the Civil Service on April 1, 1957, supporting H. R. 5836 which passed the House.

The total postal deficit over the last 10 years is more than the increase in the national debt just authorized by the Senate committee. The postal employees are greatly in need of a salary increase which will add to the operating cost of the Post Office Department. There should be early improvement in the space and facilities of Federal buildings and leased quarters for postal purposes in the interest of better postal services. That program is overdue.

I sincerely and urgently support the rate bills now pending before the Congress and hope for early enactment.

J. M. DONALDSON,
Former Postmaster General.

I should like to say that it was my privilege to serve on this committee while Mr. Donaldson was Postmaster General. At that time he kept urging that the rates be increased.

Mr. MONRONEY. Mr. President, will the Senator from Oregon yield, so that I may ask a question for clarification?

Mr. NEUBERGER. I yield.

Mr. MONRONEY. Mr. Donaldson says, in the telegram, that he supports "the rate bills now pending before the Congress." But the bill passed by the House of Representatives calls for a 4-cent rate on first-class mail, whereas the bill reported by the Senate committee calls for a 5-cent rate on first-class mail. Which rate does Mr. Donaldson support?

Mr. CARLSON. I shall read again the last part of his telegram:

I sincerely and urgently support the rate bills now pending before the Congress and hope for early enactment.

I assume that is the bill before the Senate today.

Mr. MONRONEY. Does the Senator from Kansas mean the bill before the Senate, or does he mean the bill passed by the House of Representatives? The Congress is a bicameral body. The House has voted for a 4-cent rate on first-class mail, and the Senate committee favors a 5-cent rate on first-class mail.

Mr. NEUBERGER. Mr. President, I assume that the wires to Kansas City are still open. I believe it would be a simple matter for the able Senator from Kansas to communicate with former Postmaster-General Donaldson and to receive from him a clarification of his telegram, before the Senate begins its session on tomorrow.

Mr. CARLSON. So far as I am concerned, I do not believe we need a clarification. However, I shall be glad to obtain one.

Mr. MONRONEY. Mr. Donaldson referred specifically, in his telegram, to the fact that he appeared before the House committee and supported the bill which had been passed by the House of Representatives. That bill calls for a 4-cent rate on first-class mail. Are we to rely on the testimony he gave before the House committee, in favor of a 4-cent rate on first-class mail; or are we to rely on his endorsement of "the rate bills now pending before the Congress"? In that connection, let me point out that the bill pending before the Senate, as reported by the Senate committee, calls

for a 5-cent rate on first-class mail. So are we to understand that Mr. Donaldson favors a 4-cent rate or a 5-cent rate? If he favors both, perhaps he means that in the final analysis, he advocates a 4½ cent rate on first-class mail. From his telegram, I do not know exactly what he does mean.

Mr. NEUBERGER. Mr. President, I should like to conclude my statement.

The PRESIDING OFFICER. The Senator from Oregon has the floor.

Mr. NEUBERGER. Mr. President, in this situation, the easy way for opponents of the committee's bill has been to pick only on the first-class increases, on the understandable assumption that people would be concerned primarily about the cost of the postal stamp they themselves use the most. Yet it is worthwhile to examine just to what extent first-class mail is used for the personal message service about which the tears are being shed.

The Post Office Department, I am informed, has undertaken extensive studies to determine just how much the average American family uses first-class mail service. These surveys have shown that the typical home sends out about 10 or 12 letters a month. This means that the new first-class rate will cost the average home not more than 20 cents a month. In other words, the new rates may cost a family between \$2 and \$2.50 a year.

By contrast, the average American home is contributing, through personal income-tax payments, about \$7.25 a year—or more than 60 cents a month—to pay its share of the existing \$700 million postal deficit. Should we pass my postal pay bill, as I trust we shall do, the deficit will reach about \$1 billion unless we vote rate increases. Without a rate increase, this would raise proportionately the money taken from the average family, in personal income taxes, to carry the postal deficit.

Other surveys made by the Post Office Department, via actual mail counts at typical postal outlets, have revealed that more than 75 percent of all first-class mail originates with businesses, organizations, and corporations. For them it usually is, by the way, a tax-deductible cost. Should these firms pay a larger share of postal operating costs, or should the general taxpayer do so? That is the choice which faces the Senate today.

Some Senators would have us believe that the 5-cent stamp is a cruel imposi-

tion on the average family. Today, the average family is helping to subsidize the 75 percent of the first-class mail which is sent by business firms and corporations—department stores, banks, utilities, and the like. The chief way the average family contributes to this subsidy is through income taxes, which are taken out of the wage earner's salary each week or month. Of course, Senators bitterly attacking the first-class rate increases may think that these taxes are less visible or identifiable than the new postage stamps, but they are nonetheless real.

Now let us take a searching and inquiring look to determine just who pays the major share of Federal income taxes, which currently help to subsidize low mail rates. These taxes are not plucked off trees or sent from distant outer space. To a material degree, these taxes come from the wages of the working men and women of America, as I am sure they would be first to attest.

Arguments based on "typical" first-class mail use by families, and on "average" income tax payments, may quite justifiably be criticized for not being a precise enough measure of the relative impact of taxes and first-class postal rates on different groups of Americans. A more indicative measure is to show the source of the income taxes which now must contribute so heavily to making up the postal deficit.

2 LOWEST TAX BRACKETS PAY 35 PERCENT OF POSTAL DEFICIT

Last autumn, for a quite different purpose, I asked the Library of Congress to make up for me a chart of the distribution of Federal income tax collections among different income groups, by tax rate brackets.

Out of all Federal revenues that support each year's Federal operating budget, about one-half are collected by the Federal income tax on individuals. The chart shows, Mr. President, that of these income taxes, about 70 percent—in other words, about 35 percent of all Federal revenue—is collected from income taxpayers in the lowest two taxable income brackets. These brackets, furthermore, include 94 percent of all personal income taxpayers in the country. Mr. President, I ask unanimous consent that this chart appear in the RECORD at this point in my remarks.

There being no objection, the chart was ordered to be printed in the RECORD, as follows:

Illustration of distribution of income tax among income brackets (estimated 1956 figures)

Highest applicable income tax rate (percent) ¹	Taxable income bracket	Estimated number of taxpayers by income brackets ²	Percentage of taxpayers by income brackets	Estimated collection from income taxpayers by income brackets ³	Percentage of total collections from income taxpayers
	Total.....	Millions 78, 571	100.00	Millions 31, 518	100.00
20	Not over \$2,000.....	60, 347	76.81	18, 365	58.27
22	\$2,000 to \$4,000.....	13, 290	16.91	4, 117	13.06
26	\$4,000 to \$6,000.....	2, 754	3.51	1, 656	5.25
30	\$6,000 to \$8,000.....	651	.83	1, 100	3.49
34	\$8,000 to \$10,000.....	399	.51	883	2.80
38	\$10,000 to \$12,000.....	331	.42	715	2.27
43	\$12,000 to \$14,000.....	178	.23	608	1.93
47	\$14,000 to \$16,000.....	130	.17	512	1.62
50	\$16,000 to \$18,000.....	86	.11	421	1.34

Footnotes at end of table.

Illustration of distribution of income tax among income brackets (estimated 1956 figures)—
Continued

Highest applicable income tax rate (percent) ¹	Taxable income bracket	Estimated number of taxpayers by income brackets ²	Percentage of taxpayers by income brackets	Estimated collection from income taxpayers by income brackets ³	Percentage of total collections from income taxpayers
		Millions		Millions	
53	\$18,000 to \$20,000.....	114	.15	346	1.10
56	\$20,000 to \$22,000.....	55	.07	292	.93
59	\$22,000 to \$26,000.....	77	.10	457	1.45
62	\$26,000 to \$32,000.....	66	.08	463	1.47
65	\$32,000 to \$38,000.....	23	.03	309	.98
69	\$38,000 to \$44,000.....	23	.03	222	.70
72	\$44,000 to \$50,000.....	14	.02	172	.55
75	\$50,000 to \$60,000.....	8	.01	208	.66
78	\$60,000 to \$70,000.....	12	.02	146	.46
81	\$70,000 to \$80,000.....	4	.01	87	.28
84	\$80,000 to \$90,000.....	3	(4)	65	.21
87	\$90,000 to \$100,000.....	1	(4)	47	.15
89	\$100,000 to \$150,000.....	3	(4)	142	.45
90	\$150,000 to \$200,000.....	1	(4)	63	.20
91	Over \$200,000.....	1	(4)	123	.40

¹ Not strictly applicable to heads of households taxpayers.

² Married couples filing joint returns are counted as 2 taxpayers, each with 1/2 of the combined income.

³ Does not include the alternative tax and is before the 87-percent limitation, the retirement income credit, and the dividend received credit.

⁴ Less than 0.01 percent.

NOTE.—Figures are rounded and will not necessarily add to totals.

Mr. NEUBERGER. Mr. President, roughly speaking, we may conclude that about one-third of the postal deficit each year is borne directly by the 94 percent of American families in the first two income-tax brackets. I repeat that I would not be so foolhardy as to try tracing the indirect impact of postal rates on the one hand and the corporate income-tax contributions to the postal deficit on the other. But the direct income-tax impact is relatively clear. Out of every \$100 million of the postal deficit, as much as \$35 million is made up out of the direct income taxes of individuals in the first 2 tax brackets, and they include the working men and women of America.

Yet there is no evidence, to my knowledge, that people in lower income brackets write more letters than people in higher brackets. If anything, given the facts of leisure, of social activity, of inclinations, the opposite seems more probable. In any case, there is no basis at all for regarding an increase in the letter rate—which, according to the Post Office survey I have mentioned, will mean perhaps \$2 or \$3 a year to most families—as a particular imposition on families in lower income brackets, when related to the impact of present deficits on their taxes, for, I repeat, if we cut the deficit \$100 million, we save these families—94 percent of all taxpayers—\$35 million in future income taxes.

BUSINESS, NOT PERSONAL, MAIL USE IS TRUE ISSUE

No, Mr. President, the controversy over rates is not a controversy between individual letterwriters on the one hand and greedy, subsidized business mail users on the other. As I have shown, the private mail user already bears a heavy share of the postal deficit in his annual tax bill. And in the last analysis, all Americans are individuals, and in one form or another, we share the cost and the benefits of postal service somehow—whether as magazine publishers or as readers, as advertisers or as consumers, as letterwriters or as taxpayers. But the real current contro-

versy, as we have seen it before the Senate Postal Rates subcommittee, has been between different classes of business-mail users—the only users of postal services to whom mail rates are significant enough as a cost of business, and I repeat that this includes three-fourths of all first-class mail, too. There, and not between them and the private, individual letterwriter, the difficult compromises and decisions have had to be made. To the extent that some important social or economic objective may be said to have received inadequate attention in those decisions, let us debate them in the Senate and, if necessary, make minor amendments. But let us be honest and realistic, rather than emotional, about the true business nature of the problems with which we are dealing, and let us not lose sight of the overriding objective of eliminating to a major extent the immense deficit which now, each year, adds to the present and future burden on every American taxpayer.

In conclusion, Mr. President, I should like to say that there are many critics of the rate bill which has been reported by the Senate Committee on Civil Service and Post Office. It seems to me the burden of proof is on those critics. If they are dissatisfied with the bill, they should submit specific amendments to it. But when they submit the amendments, particularly if they are amendments to cut drastically the proposed increases in postal rates, they should face up to the facts which I have just outlined. They should face up to the fact that every \$35 million out of each \$100 million of the Post Office deficit has to be carried by the taxpayers in the lower income brackets, which means very largely the working people and the small farmers of the United States.

Mr. President, I wish to thank the many able Senators who are present on the floor, especially the Senator from Kansas [Mr. CARLSON], the Senator from Kentucky [Mr. MORTON], the Senator from Ohio [Mr. LAUSCHE], the Senator from Oklahoma [Mr. MONRONEY], the

Senator from Pennsylvania [Mr. CLARK], the able chairman of the committee, the Senator from South Carolina [Mr. JOHNSTON], the Senator from Idaho, who is the present occupant of the chair [Mr. CHURCH], the Senator from Montana [Mr. MANSFIELD], and many other Senators who have contributed to the informative discussion today.

EXHIBIT A

UNITED STATES SENATE,
COMMITTEE ON POST OFFICE

AND CIVIL SERVICE,

February 24, 1958.

The Honorable ARTHUR E. SUMMERFIELD,
The Postmaster General,
Washington, D. C.

DEAR MR. POSTMASTER GENERAL: In the course of the recent extensive hearings on postal rates, I have been impressed by the evidence presented concerning the manner in which postal rates are set by other democratic governments than our own. I have become interested in the idea that some manner of determining postal rates could be devised which would relieve Congress of the necessity of sitting in judgment over extremely complex and conflicting evidence as to cost accounting and the impact of small, specific, detailed, differences in particular rates, while leaving overall postal ratemaking policy subject to democratic control by general statutory standards and by congressional supervision.

I am writing you, therefore, to obtain your opinion on the desirability of such a change in the manner in which postal rates might in the future be set by our government.

I wonder whether a ratemaking procedure could be devised which might comprise:

(1) A general statutory statement of congressional policy and standards as to services to be rendered and allocation of costs, including a statutory ceiling on total annual Post Office deficit;

(2) Initial determination of proposed rates and rate changes by the Postmaster General, including full protection of private interests affected in rate-change planning, by provisions for fair administrative procedures of notice, hearing, etc., including perhaps an appellate board or commission;

(3) A procedure for submission of any proposed rate changes by the Post Office Department to the Congress, patterned upon the executive reorganization acts under which reorganization plans become effective unless disapproved in Congress within a specified period;

(4) An annual report to Congress on revenues and costs from Post Office operations, including an explanation of cost allocations to different classes of mail, their relationship to the rate structure, and isolating and identifying remaining subsidies.

The above is only one possible approach which has occurred to me in the course of our recent consideration of postal rates; it is not meant to represent a definite proposal or fixed conclusion on my part. However, I shall be interested in your comments on this approach. I would appreciate knowing whether you favor a change toward administrative ratemaking for our postal system, perhaps in a form subject to the executive-reorganization type of congressional review I have mentioned. If you do, I would appreciate your sending me for my study and consideration draft legislation which would incorporate your recommendations in this respect.

Respectfully,

RICHARD L. NEUBERGER,
United States Senator.

Mr. MORTON subsequently said: Mr. President, I ask unanimous consent that following the remarks of the Senator

from Oregon there may be printed in the RECORD a statement on this subject by the present Postmaster General.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

STATEMENT BY POSTMASTER GENERAL
ARTHUR E. SUMMERFIELD

The large advertisement by the Association of First Class Mailers (a group of business users of the mails) in a Washington paper today is one of the most highbanded, brazen, and misleading efforts ever made by a lobbying group to further its own selfish interests.

The statements made by this group, which profits from below-cost postage rates, are a slander upon the integrity and commonsense of the Congress and the Post Office Department.

After extensive hearings, the Senate Post Office and Civil Service Committee approved a Senate version of a postal-rate bill with a 4-cent, local-letter rate and a proposed temporary 5-cent rate for out-of-town mail, with the fifth cent—amounting to \$175 million annually—to be set aside for vital postal-facilities improvements.

Previously, the House of Representatives, by a nearly 2-to-1 majority, voted rate increases of 4 cents for first-class mail.

To accuse these legislators and postal officials of advocating a hidden tax upon the people of the United States is a shocking display of business immorality. Certainly, this small lobby group does not truly represent the American business community as a whole, which is on record as favoring postal-rate increases that will place the Post Office Department on a more nearly self-supporting basis.

The obviously false statements made in this advertisement are easily corrected by a straightforward review of the facts.

This advertisement says that "first-class mail has been more than paying its way since 1932."

The fact is the loss on first-class mail in 1956 was \$29.8 million. In 1957 it will be even greater. These losses, it should be noted, are the allocated costs exclusive of the charges for the many costly preferential services given first-class mail.

In every major postal system in the world, first-class mail traditionally yields more revenue than is spent in its handling and delivery.

Historically, in the United States, the Congress has accepted this policy in setting postal rates. In the years 1926 through 1941, first-class mail has contributed 50 percent or more to the Department's operating costs. Today's figure is down to 35 percent.

The paid advertisement refers to the Post Office Department's proposed building program to construct 12,000 new post offices and modernize 2,500 of the 3,300 presently owned Government post offices as the same discredited-lease program that has been underway for some time.

Here are the facts about this highly successful program.

In the past 4 years, over 2,000 new postal buildings have been built to the Post Office Department's specifications by private investors and leased to the Department for long-term periods. The rentals per square foot paid on these new leased buildings is less than that previously paid for less satisfactory space.

These leased buildings are good deals for the Government since no capital funds, which would have to be raised by taxes, are needed. They pay local municipal taxes, give small investors a safe outlet for their savings, and are cheaper to maintain and operate than comparable space in Government-owned buildings.

Based on recent studies completed by the Post Office Department, the Nation's new post offices would cost an estimated one-third

less under the President's \$2 billion modernization program than under public works.

Detailed cost data show that on 18 typical leased postal buildings annual costs are 80 cents a square foot, compared with \$1.30 on Government-owned buildings.

The concluding statement in the advertisement has the brazen audacity to malign the Members of Congress in these words: "Those who vote for the nickel stamp will be voting to saddle first-class mail users—and that's everybody—with a one-half-billion-dollar stamp tax."

First, the half-billion-dollar figure is a typical irresponsible and erroneous distortion. The temporary extra cent per out-of-town first-class letters would produce \$175 million in new revenue per year for 3 years, not \$500 million.

Second, it is not a tax. It is an effort to make the actual users of the mails pay more of the costs of using the mails, rather than requiring all taxpayers to foot the postage bills of a relatively small group of commercial users of the mails.

Mr. CARLSON. Mr. President, will the Senator yield?

Mr. NEUBERGER. I yield to the Senator from Kansas.

Mr. CARLSON. I wish to compliment the Senator from Oregon for a very thorough and outstanding discussion of this problem, which is a very difficult one. We have been wrestling with the problem for years. The junior Senator from Oregon has devoted much time to the question. He has been very sincere in his statements and studies. I feel he has rendered a real service and has made a contribution to the Nation in his presentation in the Senate this afternoon, because he has laid aside all thoughts of everything except getting the Post Office Department on a paying basis and having a modernization program which will result in a more efficient handling of the mails for years to come.

Mr. NEUBERGER. I thank the Senator from Kansas for his characteristically generous remarks. It is always a genuine pleasure to work with the Senator from Kansas.

Mr. MORTON. Mr. President, will the Senator yield?

Mr. NEUBERGER. I yield to the Senator from Kentucky.

Mr. MORTON. I wish to join in the statement of the Senator from Kansas commending our distinguished colleague from Oregon for a very able presentation and for the very great patience he has shown this afternoon. I shall not take his time or the time of the Senate at this late hour to make comments on the accounting procedures which were used or have been used or are now being used by the Post Office Department. I should like to develop that subject tomorrow.

I commend the present occupant of the chair, the Senator from Idaho [Mr. CHURCH], for his ability to comprehend the cost ascertainment system so quickly. I have wrestled with the problem for 11 years. I realize my intellectual capabilities are of a rather low level, but it has seemed to me that the system is archaic.

Mr. NEUBERGER. I should like to thank the Senator from Kentucky for his very kind observation in regard to me. In my service on the subcommittee and on the full committee, I have learned a

great deal from the Senator from Kentucky, whose experience in postal matters is so much greater and of such longer duration than my own.

I notice, Mr. President, that some Senators appear to desire recognition, and unless there is further interrogation of me, I am prepared to yield the floor.

Mr. JAVITS. Mr. President, will the Senator yield?

Mr. NEUBERGER. I yield to the Senator from New York.

Mr. JAVITS. I should like to join with my colleagues from Kansas and Kentucky in congratulating the Senator from Oregon upon his presentation, which I found to be most informed and stimulating.

If the Senator will indulge me, I should like to say his address proves something, in addition, for the Senator from Oregon is known to be an outstanding liberal, and he is demonstrating that liberals know how to be hardheaded and businesslike when they are faced with a very difficult business proposition. I gather hope and pleasure from the fact that the Senator has taken the stand he has upon this measure, relating to a great enterprise of a business character operated by the United States, in the determination that the Post Office Department shall pay its way so far as humanly possible, that it shall perform humanitarian service where possible, and that it shall pay its employees fair wages and not penalize them because they work for an agency which is associated with the Federal Government.

Mr. NEUBERGER. I thank the distinguished Senator from New York for his very kind observations. Inasmuch as the junior Senator from New York raised the question of postal pay, I should like to make one other very brief comment.

One of the principal reasons I joined in backing the bill to increase postal rates, which is under consideration, is that I am a sponsor along with the distinguished chairman of the full committee of the bill which is on the calendar, to increase the pay of post office employees.

As the Senator from New York has so eloquently pointed out in the chamber on numerous occasions, the families of many letter carriers and mail clerks are in dire financial need. I did not feel I would be playing fair with those people if I received from them credit and praise for sponsoring the bill to increase their meager salaries, unless I had the political courage to try to raise the funds to pay for the increased salaries. That is one of the reasons I have taken the stand I took in the Senate today.

Mr. JAVITS. If the Senator will yield further, I wish to associate myself completely with that principle, and I am following it as well as I humanly can.

Mr. NEUBERGER. I thank the able Senator from New York.

Mr. MONRONEY. Mr. President—

The PRESIDING OFFICER (Mr. CHURCH in the chair). The Senator from Oklahoma.

Mr. MONRONEY. I should like to compliment my distinguished colleague from Oregon on the splendid presenta-

tion he has made. The fact that I disagree with the Senator as to the amount of increase needed in the rate on first-class mail in no degree lessens my deep respect for his ability, his courage, and his opinion that the 5-cent postage stamp would be better than a 4-cent postage stamp. I know the Senator has arrived at his conclusion after much soul searching. Our differences are only to this degree, and we are completely together on all the other matters.

Mr. NEUBERGER. My difference with the able Senator from Oklahoma on this bill is only in that one category, and it has been a pleasure to work on the committee with the Senator from Oklahoma. I want to thank him again for his kind references.

Mr. MONRONEY. I thank the Senator very much.

Mr. President, I have sent to the desk an amendment which would reduce from 5 cents to 4 cents the first-class letter rate. The amendment would provide for a universal 4-cent postage stamp instead of the hybrid 5 cent-4 cent postage stamp which is proposed in the committee amendment, which is now pending before the Senate.

Mr. President, I intend to address myself at some length tomorrow to the advantages of the universal 4-cent first class rate, and why such a rate will not bring about as great a loss of revenue as many people suppose. Forty-four percent of all first-class mail moves in the intracity transportation and delivery, and the committee amendment provides that the rate for such mail shall be 4 cents. Therefore, that 44 percent of the first-class mail would produce the same revenue.

The only portion of the mail which would affect the revenue would be the 56 percent of the first-class mail which is the out-of-town mail delivered beyond the metropolitan area limits of many of our major cities, where the 5-cent postage stamp would obtain.

I think the loss or revenue as between the 4-cent and 5-cent rates would not be too great. There would be a protection, in addition, for the mail users, since they would know whether they should put the 4-cent stamp or the 5-cent stamp on a letter mailed, for instance, in Washington, which was going to Bethesda or Chevy Chase or Alexandria. We would, under the procedure I propose, avoid much untoward confusion by having a simple universal 4-cent postage stamp.

For that reason, Mr. President, I ask unanimous consent that my amendment, which I have sent to the desk, be printed and lie on the table. I shall call the amendment up tomorrow.

The PRESIDING OFFICER. Does the Senator from Oklahoma wish to offer his amendment, so that it will become the pending question?

Mr. MONRONEY. Mr. President, I wish to offer the amendment, so that it may become the pending question, and I ask that it be printed.

The PRESIDING OFFICER. The clerk will state the amendment.

The LEGISLATIVE CLERK. On page 33, beginning with the quotation mark in line 14, it is proposed to strike out through line 4, on page 34, and to in-

sert in lieu thereof the following: "four cents for each ounce or fraction thereof."

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Oklahoma [Mr. MONRONEY].

Mr. MONRONEY. Mr. President, I send to the desk another amendment, also sponsored by the chairman of the committee, the Senator from South Carolina [Mr. JOHNSTON], the Senator from North Carolina [Mr. SCOTT], the Senator from Oregon [Mr. NEUBERGER], the Senator from Idaho [Mr. CHURCH], the Senator from Texas [Mr. YARBOROUGH], and the Senator from Wisconsin [Mr. PROXMIER]; all the Democratic members of the Senate Committee on Post Office and Civil Service.

The amendment would provide a new title for the bill, which would be the postal pay bill as reported on January 23 by the Committee on Post Office and Civil Service of the Senate.

Mr. President, I ask that the amendment be printed and lie on the table, so that it can be called up before the completion of the consideration of the bill which is now before the Senate.

The PRESIDING OFFICER. The amendment be received, printed, and lie on the table.

Mr. NEUBERGER. Mr. President, will the Senator yield so that I may ask a question?

Mr. MONRONEY. I am happy to yield to the Senator from Oregon.

Mr. NEUBERGER. For the purpose of information, is the amendment which the Senator has submitted on behalf of all of the Democratic members of the Post Office and Civil Service Committee in effect the bill which is presently on the calendar, which includes the cost-of-living adjustment for the first five grades of postal workers?

Mr. MONRONEY. It is the amendment reported by the committee on January 23. I am not certain whether it is identical with the bill on the calendar, or whether it is a committee amendment which has been reported to the original bill. The distinguished chairman of the committee would know.

Mr. NEUBERGER. The distinguished chairman of the committee reported the committee amendment some weeks ago, I believe.

Mr. JOHNSTON of South Carolina. That is true.

Mr. MONRONEY. The amendment which I am offering now, which I have asked to have lie on the table, is the committee amendment reported January 23.

Mr. JOHNSTON of South Carolina. That is the committee amendment to the bill as amended.

Mr. MONRONEY. It is a substitute committee amendment for the bill reported by the committee. It is an amendment which I and the other Democratic members of the committee propose to offer as a new title to the rate bill.

Mr. NEUBERGER. The reason I asked the question of the distinguished Senator was that I was somewhat confused as to whether it was the bill under consideration last August, which had no retroactive feature and lacked certain other features, or whether it was the amend-

ment recently reported by the full committee.

Mr. MONRONEY. The distinguished Senator was speaking at the time the other Democratic Members were thinking of what should be done for the postal workers. I knew that the Senator had been one of the authors of the bill and had done much work with regard to the bill, and I thought the Senator would like to have the very latest information, in the light of the current condition existing. For that reason I polled the other members and talked to all the other members of the committee on the Democratic side, who were unanimously in favor of offering the amendment as a new title to the rate bill.

Mr. NEUBERGER. And, of course, I join in that wish.

Mr. CARLSON. Mr. President, will the Senator yield?

Mr. MONRONEY. I am happy to yield.

Mr. CARLSON. I have just heard the amendment offered by the Senator from Oklahoma, and, as I understand it, the amendment will lie on the desk?

Mr. MONRONEY. Yes.

Mr. CARLSON. This procedure would not preclude the offering of other amendments?

Mr. MONRONEY. The amendment is not before the Senate. I have merely requested that it be printed and lie on the table, which will make it easier to consider it tomorrow. It will be easier for me to offer the amendment and have it considered by the Senate.

Mr. JOHNSTON of South Carolina. Mr. President, I have two amendments to submit. One would be applicable in the event the 5-cent nonlocal first-class letter rate remains in the bill. The second amendment would apply in the event the rate for first-class letters is fixed at a flat 4 cents.

In either case the main purpose of the amendments is the same.

First. They would authorize the establishment of an earmarked fund available to the Post Office Department for research, modernization, and building purposes.

Second. The Post Office Department would pay into the fund the amount of money it is required by law to pay into the Civil Service Retirement Fund. In the case of a 5-cent stamp the revenue from the additional 1 cent would also be paid into the fund.

Third. The plan would last for a 4-year period if there is not a 5-cent rate and for 3 years if the 5-cent rate is adopted.

Fourth. The Post Office Department would pay only interest on such money as it uses out of the fund for a stated period of years, after which time it would pay interest plus 5 percent of the principal each year.

Mr. President, these amendments overcome objections inherent in other proposals and, at the same time, the Post Office Department will be able to modernize as it should.

I send my amendments to the desk and ask that they be printed and lie on the table. One will be offered if the amendment of the Senator from Oklahoma

[Mr. MONRONEY] fails, while the other will be offered if his amendment carries.

The **PRESIDING OFFICER**. The amendments will be printed and will lie on the table.

Mr. MONRONEY. Mr. President, I submit another amendment which I intend to propose tomorrow, to strike out the language beginning with line 14 on page 47, and continuing through line 9 on page 49. I ask that the amendment be printed and lie on the table.

The **PRESIDING OFFICER**. The amendment will be printed and will lie on the table.

RECESS

Mr. MONRONEY. Mr. President, I move that the Senate now stand in recess until 12 o'clock noon tomorrow.

The motion was agreed to; and (at 6 o'clock and 32 minutes p. m.), the Senate

took a recess until tomorrow, Wednesday, February 26, 1958, at 12 o'clock meridian.

NOMINATION

Executive nomination received by the Senate February 25 (legislative day of February 24), 1958:

Raymond A. Hare, of West Virginia, a Foreign Service officer of the class of career minister, to be Ambassador Extraordinary and Plenipotentiary of the United States of America to the United Arab Republic.

CONFIRMATIONS

Executive nominations confirmed by the Senate February 25 (legislative day of February 24), 1958:

UNITED STATES CIRCUIT JUDGE

Leonard Page Moore, of New York, to be United States circuit judge, second circuit.

UNITED STATES DISTRICT JUDGES

Julius H. Miner, of Illinois, to be United States district judge for the northern district of Illinois.

Edwin M. Stanley, of North Carolina, to be United States district judge for the middle district of North Carolina.

UNITED STATES ATTORNEYS

George M. Yeager, of Alaska, to be United States attorney for a term of 4 years for division No. 4, District of Alaska.

William B. Butler, of Texas, to be United States attorney for the southern district of Texas for a term of 4 years.

UNITED STATES MARSHALS

Herbert Barnes, of Delaware, to be United States marshal for the district of Delaware for the term of 4 years.

Clark W. Gregory, of Michigan, to be United States marshal for the eastern district of Michigan for a term of 4 years.

Edward L. McCarthy, of Rhode Island, to be United States marshal for the district of Rhode Island for a term of 4 years.

Feb-26, 1958

15. POSTAL RATES. Continued debate on H. R. 5836, to readjust postal rates, adopting Sen. Saltonstall's amendment to retain present size and weight limits on parcel-post packages, and rejecting (42 to 49) Sen. Monroney's amendment to set a uniform 4¢ rate on first-class mail. pp. 2476-2500, 2501-8
16. ECONOMIC SITUATION. Sens. Proxmire, Humphrey, Gore, and Morse criticized the administration's views of the economic situation, questioned the drop in farm prices and simultaneous increase in food cost, and alleged that administration policies had led to this result. pp. 2453-4, 2455, 2464, 2501
17. FORESTRY. Sen. Chavez inserted a list of N. M. ski areas furnished him by the Forest Service and invited the attention of Congress to the value of such recreation furnished by Operation Outdoors. pp. 2449-50
18. FOREIGN AID. Sen. Smith, N. J. inserted an article, "Cold War Weapon: Point 4 Aid." p. 2454
Sen. Kefauver inserted the speech of the President and Adlai Stevenson to the foreign aid conference. pp. 2465-9
19. SCHOOL LUNCHES. Sen. Thye inserted a letter from a Minn. school superintendent urging an expanded program to provide foods for school lunches, and the resolution of the St. Paul, Minn., Public Health Council urging continuance of the present Federal subsidy for school lunches. pp. 2457-8
20. SCHOOL MILK. In reporting S. 3342 (see Digest 28), the committee stated:
"The present authority for the special school milk program is contained in section 201 (c) of the Agricultural Act of 1949 and expires June 30, 1958. In order to recognize the primary purpose of the program as improved nutrition for schoolchildren, the bill provides for the extension of the program by separate legislation, not amendatory of the Agricultural Act of 1949; and specifies that amounts expended under either the original or the extended program shall not be considered as amounts expended for price support purposes."
21. MONOPOLIES. Sen. Kefauver discussed the present trends of our economic system and urged amendments of the Clayton Act and the Sherman Act to assure freedom for American businesses and restrain monopoly. pp. 2469-74
22. DAIRY PRICE SUPPORTS. Sen. Humphrey inserted a letter from the Minn. Valley Breeders Ass'n favoring H. R. 10060, the self-help dairy stabilization bill. p. 2435
23. WATERFOWL RESERVES. Sen. Humphrey inserted a resolution of the Madelia, Minn., Sportmen's Club favoring S. 2617, to allocate 65% of the receipts from the Duck Stamps to purchase small wetlands areas for duck production areas. pp. 2435-6
24. WILDERNESS. Sen. Humphrey inserted a resolution of the Minn. Business and Professional Women's Club favoring the wilderness preservation bill. p. 2435
25. ACP. Received from the Miss. Legislature a resolution urging Congress to continue the authorization for the agricultural conservation program in 1959 at no less than the 1958 level and commending the operation of the program in increasing conservation work in Miss. p. 2434

26. INFORMATION. Received from USIA its semiannual report for July-Dec. 1957. p. 2434
27. EMPLOYMENT; CONTRACTS. Received a petition from members of a Winamac, Ind., Eagles lodge on the bill to prohibit discrimination because of age against job seekers. p. 2434
28. LEGISLATIVE PROGRAM. Sen. Johnson expressed his hope that both the postal rate bill and the classified pay bill could be acted upon Thurs., Feb. 27, and stated that if they could not be concluded the Senate would meet on Friday to do so. p. 2508

ITEMS IN APPENDIX

29. FARM PROGRAM. Rep. Trimble inserted Dr. Lippert Ellis', Univ. of Ark., recent speech describing the changes taking place in American agriculture. pp. A1784-6
- Sen. Dirksen inserted an article, "Secretary Benson's Fate," in support of the administration's farm program. p. A1790
- Rep. Curtis inserted an editorial disclosing many of the significant changes that have taken place in agriculture since World War II. pp. A1802-3
- Extension of remarks of Rep. Coad inserting a Life magazine article favoring the administration's farm program and a reply to the letter from an Iowa editor defending the agricultural budget and stating that it (the budget) "includes a multitude of services, a big part of which (from a strictly cost standpoint) are consumer services or benefits." pp. A1804-5
- Extension of remarks of Rep. Teague inserting a Texas Agricultural Limestone Ass'n letter analyzing and criticizing the President's farm message. pp. A1813-4
30. LIVESTOCK. Extension of remarks of Sen. Neuberger inserting his statement disclosing the development of a process for the making of beef candy. pp. A1776-7
31. RECLAMATION. Sen. Chavez inserted an editorial stating the need for the Navah dam in New Mexico. p. A1778
32. FOREIGN AID. Sen. Saltonstall inserted an editorial describing New England's interest in our mutual-security program. pp. A1779-80
- Extension of remarks of Sen. Dirksen stating that religious leaders favor the administration's proposed foreign-aid program and inserted an article on this subject. pp. A1781-2
- Extension of remarks of Rep. May expressing his support of the mutual security program. p. A1801
- Rep. Judd inserted the testimony of Secretary of State Dulles before the House Foreign Affairs Committee in support of the mutual security program. pp. A1817-9
33. PRICES. Sen. Proxmire inserted an editorial, "Consumer Prices Rise To A Record Despite Recession--Index Is Up Six-tenths Of 1 Percent to 122.3 As Food Leads Advance--Buying Power Drops." p. A1782
34. FAMILY FARM. Sen. Langer inserted several GTA daily radio roundup discussions outlining some of the factors which have much influence on family farm survival. pp. A1783-4
- Rep. Poage inserted an editorial commending Sen. Yarborough for his interest and concern over the small farmer. p. A1815

It was that foresight which caused Jefferson to plan the expedition which Lewis and Clark accomplished.

Other facts must be borne in mind. It was the expedition of Lewis and Clark which caused John Jacob Astor to organize his fur company and send his partners to establish his fur post at the mouth of the Columbia River (1811). His vessel, the *Tonquin*, arrived and his post was set up in the nick of time. Ever since the Columbia had been discovered the North West Co. had made repeated efforts to find its northern waters, in order that they might follow it to the Pacific Ocean. In their efforts, they discovered the MacKenzie and the Fraser Rivers but not the Columbia. They persisted, however, and so nearly did they come to accomplishing their purpose that their representative, David Thompson, arrived at the mouth of the Columbia River only 3 months after Astor's expedition did. Imagine both his surprise and chagrin when he found the Astor party had beaten him by 3 short months.

Thus it is evident that if the Astor party had not been there first, the English would have had a claim it would have been next to impossible for the United States to have overcome. Sir Francis Drake had landed on the Oregon coast and called its New Albion (New England) in 1578. If the Astor party had not arrived as it did, then David Thompson would have been the first, and the explorations and settlements which the North West Co., following him made, would have given England such a claim to the territory west of the Rockies that our chances of ever being able to capitalize on the discovery of Captain Gray, would have been very slim. Mere discovery is not enough. It must be followed by exploration and settlement. Thus the first settlement of the Astor party was most vital and it was based entirely on the expedition of Lewis and Clark.

In closing I believe I am safe in concluding that without the expedition of Lewis and Clark we would not have been able to support our claim to settlement following the discovery of Captain Gray. If we could not, then England would have had not only British Columbia but the territory to the south.

Our Government had a difficult task to establish its claim to our western domain based, as it was, on the Astor settlement following the discovery of the Columbia. But the claim prevailed and as a result this district west of the Rocky Mountains is the only part of our domain which was neither fought for nor bought and is directly the result of the expedition of Lewis and Clark.

That fact is unique in American history. The Oregon Historical Society has guarded, protected, and preserved the site where the intrepid Lewis and Clark Expedition had its winter camp. In my opinion it is as sacred to our Government and as distinctive in which it stands for, as any other memorial property in the United States. It certainly is as deserving of protection and control as any other historic site for it carries the distinctive of representing a peaceful penetration and acquisition of territory for the United States which no other historic site can claim.

We gladly preserve victories of war, let us now preserve a peaceful victory, the only one of its kind in American history.

Very truly,

BURT BROWN BARKER.

H. V. HIGLEY, ADMINISTRATOR OF THE VETERANS' ADMINISTRATION

Mr. LANGER. Mr. President, I ask unanimous consent to have printed in the RECORD a letter dated August 9, 1957,

from John Roady, commander of Buddies Chapter, No. 11, of the Disabled American Veterans, of Dallas Tex., relating to the removal of H. V. Higley as Administrator of the Veterans' Administration.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

AN OPEN LETTER TO THE MEMBERS OF THE UNITED STATES SENATE AND THE MEMBERS OF THE UNITED STATES HOUSE OF REPRESENTATIVES

DISABLED AMERICAN VETERANS,
BUDDIES CHAPTER, No. 11,
Dallas, Tex., August 9, 1957.

DEAR SIR: A year ago on May 8, 1956, this DAV chapter sent a telegram to President Eisenhower requesting him to fire H. V. Higley as Administrator of the Veterans' Administration.

We charged that Higley had set himself up as the hatchet man, and as the hand picked agent of big business, including the munition makers, and arms manufacturers, and the Bureau of the Budget, to purge the rolls of wartime disabled veterans.

Since that time, things have gone from bad to worse. Read the enclosed copy of a resolution adopted recently by the DAV State convention in Ohio, and readopted by this chapter. These facts, and more, too, call for the Congress of the United States to take notice of this situation at once. The disabled veterans must return to Congress who sent them to war, and who passed the laws that are now being ruthlessly violated by Higley with his "word of mouth" instructions that has thrown the entire VA into confusion more chaotic even than the days of Charles Forbes who was sent to prison. The VA employees throughout the country are confused, and they are in utter contempt of the "threatening tactics" which they know is in violation of the laws and regulations.

Mr. Higley is now attempting to put into operation the asinine recommendations made by the President's Commission on Pensions, and the President and his coworkers have not had the guts to submit any recommendations to the Congress to change the law, but instead they are trying to circumvent the Congress.

This is already a national scandal, and the disabled veterans whom Congress has rightfully and properly provided for are today in a state of fear, and those who have had their service-incurred disabilities severed have been made to feel after 12 to 15 years following the war that they have been stealing from their Government they put on the uniform to protect. We give away billions trying to buy friends among the Communist enemies of this country, while we build hatred for our Government among the nation's proven defenders.

We request you to pass a joint resolution of both Houses before adjournment that will freeze the present 1945 rating schedule as of January 1, 1957 as the same existed on that date, and that the 1925 schedule be also frozen as the same covers veterans of World War I. This emergency action we need pending a congressional investigation by the Senate Committee on Government Operations headed by Senator JOHN L. MCCLELLAN, and we request the Senate to call for this investigation into the violation of the Public Law 144, 73d Congress, and the VA instructions issued thereunder for its interpretation. These have never been changed but they are being violated every day since December 12, 1954 in a most arbitrary and dictatorial manner.

JOHN ROADY,
Commander.
P. D. JACKSON,
Legislative Chairman.

DALLAS, TEX., August 6, 1957.

JOSEPH BURKE,
National Commander, Disabled American Veterans, Cincinnati, Ohio.

In regular meeting assembled Monday night, August 5, the Buddies Chapter No. 11, Dallas, Tex., went on record unanimously to request of you that the national organization invitations to attend our national convention to H. V. Higley, Veterans' Administrator of the Veterans' Administration, be canceled. He is public enemy No. 1 to American wartime disabled veterans of this Nation. This invitation should be withdrawn immediately, and if he does attend our national convention, delegates should turn their backs on him or walk out of the convention while he is on the rostrum. Instead of making it possible for Higley to fawn on the wounded and the disabled with hypocritical grins while he is issuing orders to delete and scuttle the rating schedule and break service connections on 40,000 and before he is finished it will reach 100,000. This man, who has broken the moral code of decency, should be made to know that the Disabled American Veterans will not tolerate him in the evil methods. Let us substitute for this archenemy some speaker who will strike the keynote of this fight and inspire us to stand up and call upon Congress to stop the purge of the compensation rolls by himself or his goon gangs out of central office. Dallas regional office has had the visit of three of these goons and they have played hell. May we urge and suggest in place of Higley that a Congressman like JOHN P. SAYLOR, of Pennsylvania, and WRIGHT PATMAN, from Texas, Senator WAYNE MORSE, of Oregon, or any other United States Congressman or Senator, and if this is done they be briefed as to the theme for keynote address. We must not overlook our very own who is capable of making this keynote address, former State senator of Ohio and the adjutant for the past 20 years of the Department of Ohio, DAV, Albert L. Daniels, of Greenfield, Ohio.

Yours in comradeship.

JOHN ROADY,
Commander of Buddies Chapter 11.

EQUAL RIGHTS FOR WOMEN

Mr. LANGER. Mr. President, I ask unanimous consent to have printed in the RECORD a letter I have received from Mabel Purdy, president of the Business and Professional Women's Clubs of New York State, enclosing a resolution approving Senate Joint Resolution 80, relating to equal rights for women.

There being no objection, the letter and resolution were ordered to be printed in the RECORD, as follows:

BUSINESS AND PROFESSIONAL WOMEN'S CLUBS OF NEW YORK STATE, INC.,
New Rochelle, N. Y., January 24, 1958.
Hon. WILLIAM LANGER,
United States Senator, Senate Office Building, Washington, D. C.

DEAR MR. LANGER: The board of directors of the Business and Professional Women's Clubs of New York State, Inc., in session at its regularly scheduled semiannual meeting at Utica, N. Y., January 17-19, 1958, approved the enclosed resolution reaffirming its support of the amendment titled "Senate Joint Resolution 80."

We wish to commend you for your efforts in behalf of this legislation and to urge your continued support.

Yours very truly,

MABEL PURDY,
President.

RESOLUTION AND PROFESSIONAL WOMEN'S CLUB OF NEW YORK STATE, INC.

Whereas it has long been a stated policy of the National Federation of Business and Professional Women's Clubs, Inc., and of its component State federations to lend their efforts toward bringing about the enactment of an equal-rights amendment to the Federal Constitution; and

Whereas such an amendment, titled "Senate Joint Resolution 80," was presented to the 1st session of the 85th Congress, subsequently received a favorable report from the Senate Judiciary Committee, and is now on the Senate Calendar to be called up for a vote, but has not yet been reported on by the House Judiciary Committee: Therefore be it

Resolved, That the board of directors of the Business and Professional Women's Clubs of New York State, Inc., assembled in Utica, N. Y., January 18, 1958, for its regularly scheduled semiannual meeting, reaffirm its approval of and support for this amendment, and express its sincere commendation to the sponsors of Senate Joint Resolution 80, and to the members of the Senate Judiciary Committee for their efforts in behalf of this legislation; be it further

Resolved, That said board of directors strongly urge the leaders of both Houses of Congress to lend their efforts toward the passage of this amendment, without qualifications, restrictions, or amendments; and be it further

Resolved, That copies of this resolution be sent to the sponsors of Senate Joint Resolution 80, to the chairmen of both Senate and House Judiciary Committees, to the majority and minority leaders of both Houses of Congress, and to the Senators and Representatives from New York State.

PLIGHT OF OLD PEOPLE

Mr. LANGER. Mr. President, I ask unanimous consent to have printed in the RECORD a letter I have received from Mrs. Schaumburg, of North Dakota, which represents a typical case.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

I don't know if you now or in the future will be able to correct this situation but the way it stands today it certainly is a bad one.

My husband is 60 years of age. I am 52. Both are active, in good health and willing and anxious to work. We own (with a mortgage company) 480 acres of good Cass County land but due partially to too much water, poor drainage and poor farming on the part of my son who was renting the place until this fall we didn't have enough crop to pay our interest or principal let alone to live on for the winter.

The house is fixed for two families and nicely and we have been unable to rent it so have no income there. We have tried several agencies to no avail. I have a few places "on the string" for January but nothing definite. I am a demonstrator saleslady but there seems to be no market for my type of work. Neither of us has ever received unemployment checks and neither care for the idea. We want work. Now, my husband applied for work at the stockyards (5 miles away) where they needed help desperately and was turned down because he was over 45.

What is to be done with the people over 50—need work—have pride, but no income? It is a long time to 65. We have a home but no income to maintain it at present. I am sure there are many like us. Does it take a war to put the middle aged to work?

Surely not, in this land of ours we should all be able to find a livelihood.

I hope that you or someone will soon be able to come up with an answer to the need of the many, and an immediate answer.

READJUSTMENT OF POSTAL RATES

The PRESIDING OFFICER. Is there further morning business? If not, morning business is closed.

The Chair lays before the Senate the unfinished business.

The Senate resumed the consideration of the bill (H. R. 5836) to readjust postal rates and to establish a congressional policy for the determination of postal rates and for other purposes.

The PRESIDING OFFICER. The question is on agreeing to the amendment proposed by the Senator from Oklahoma [Mr. MONRONEY] for himself and the Senator from Idaho [Mr. CHURCH] to strike out beginning with the quotation mark in line 14 on page 33 down to and including line 4 on page 34, relating to first-class postage rates, and in lieu thereof insert the following: "4 cents for each ounce or fraction thereof."

Mr. CLARK. Mr. President, on behalf of the junior Senator from Wisconsin [Mr. PROXMIRE] and myself, I send to the desk an amendment to the postal pay bill which we intend to call up later today or tomorrow.

The purpose of the amendment is to restore the so-called Rhodes amendment to the bill as it passed the House, which would put a ceiling on subsidies for second-class mail carriage.

The PRESIDING OFFICER. The amendment will lie on the desk and be printed.

Mr. CARLSON. Mr. President, yesterday the chairman of the Senate Committee on Post Office and Civil Service asked unanimous consent that Mr. Edwin A. Riley, Director of the Postal Services Division, Bureau of Operations, of the Post Office Department, be permitted to sit on the floor of the Senate. I said:

Mr. President, reserving the right to object—and I shall certainly not object—if it should develop that the minority should wish to have someone sit on the floor also, I sincerely hope the chairman will agree that we may have that permission.

Mr. JOHNSTON of South Carolina. I shall be very glad to accede to any such request.

Based upon that statement in the RECORD, I ask unanimous consent that Mr. George M. Moore, an executive assistant to the Postmaster General, may have the privilege of the floor during the debate on the postal-rate bill.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. LAUSCHE. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. LAUSCHE. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. McNAMARA. Mr. President, before the Senate concludes its action on

postal rates and postal employees' pay there no doubt will be a number of votes on various aspects of these measures.

The form of some of the amendments, or of the questions to be voted on, may becloud some of the basic issues. Thus, the votes we cast may not fairly reflect our views.

Because of this I should like, for the RECORD, to state my basic position on these matters clearly.

First, there is no question in my mind that the postal employees deserve a raise, and a substantial one. My record shows that I have been a firm supporter of their just cause.

But I should like to say that I do not approve of the announced plan to combine the postal employees' pay increases with the postal-rate bill.

I do not pretend to understand all the motivations behind this maneuver, but I think it does a disservice to the American public and to the postal employee.

I agree with my good friend, the senior Senator from Oregon [Mr. MORSE], that such an action could well tie together forever these two measures—to the detriment of the employees.

We are told that one reason for this maneuver is to circumvent another Presidential veto of the postal pay raise, if it goes to him linked to his long-sought rate increase.

All I have to say to that is that the President has his job to do downtown, and I have my job to do here on Capitol Hill.

And my job here, as I see it, is to work for a square deal for the American mail-using public, and for the postal employee, who certainly deserves a substantial raise in pay.

Frankly, I resent efforts designed to force me to swallow a postage rate increase in order to give the postal employees their deserved pay raise.

Now, Mr. President, I should like to deal specifically with the postal rate increase.

If the volume of my own office mail were to guide my judgment, I would be against raising second- and third-class postage rates.

I do not think my office is alone in receiving vast amounts of mail initiated by the second- and third-class mail lobbies.

And since that mail is all coming first class, perhaps we could wipe out the postal deficit simply by arguing about this subject each year.

But the backers of the present second- and third-class rates have convinced me of one thing. They have convinced me that if their rates should not be raised, then none of the rates should be raised.

There is much to the argument that the postal service is a service of the Government to the people, and it is not expected to pay its own way.

Congress and the administration, however, appear determined to raise the postal rates. And perhaps that is all right. But in so doing we are penalizing the people who deserve this increase the very least.

On one extreme, the proposed increase would penalize the user of first-class

mail by raising his rates. I think—despite the weird juggling of figures by the Post Office Department in its cost ascertainment system—most of us are in agreement that first-class mail is the only class that pays its own way.

At the other extreme, we would raise the book rate by 25 percent, and books certainly are about as educational as any material we can get through the use of the mails.

Despite the colloquy entered into yesterday on the question of increasing the rates on library books, a thorough examination of the bill and the report indicates that the cost of mailing books to the libraries from various sources would be increased 25 percent under the proposed legislation. I certainly think that would be a most untimely increase in the cost of mailing books to libraries.

Let me recur to the proposed increase in first-class postage, from the present 3 cents to 4 or 5 cents.

I find the reasoning in the report very interesting. The report and the bill seek to establish a new postal philosophy which goes like this:

The users of first-class mail get privacy, security, and swift dispatch. Therefore, such mail should pay more than its own way.

The report states that "first-class mail is a basic service, and should make a greater contribution to the overhead expense than the subsidiary classes."

Mr. President, I have long thought that it was the function of the Post Office Department to carry the mail.

Under the philosophy of the pending bill the first-class mail users are expected to pay the Department a bonus for doing its job.

I think that is definitely unfair to the American people.

If we must raise the postal rates, it should be done on the so-called subsidiary classes, especially second and third class.

These classes receive what must be considered a subsidy. They do not pay their own way, so the taxpayers help them.

I should like to give my colleagues a little demonstration as to how this subsidy works.

During the past 10 months a member of my staff has engaged in a little hobby. He has been collecting the third-class mail that clutters up his mailbox day after day. What are the results of that hobby?

Here, Mr. President, before me is 6½ pounds of junk mail—about 150 pieces of advertising literature that came to him unsolicited.

There should really be more. He had lived in the house only about a year, so he was not on too many mailing lists.

He did not save the two newspaper-sized shopping guides that came in the mail each week because he did not want to create a fire hazard.

Mr. President, this 6½ pounds of mail cost the mailers, at current third-class rates, a maximum of \$2.30.

These pieces have been weighed for the purpose of computing first-class postage. If sent first class, they would have cost \$5.44.

Thus the taxpayer is subsidizing the advertisers on the mail sent to this 1 person alone over a 10-month period by the amount of \$3.14.

Multiply that by the number of people in his neighborhood or the people in his city.

One more part of this little demonstration, Mr. President, is this letter [indicating] from a magazine publisher. I don't know what it says, because it has not been opened. If it had been mailed first class it would have cost 6 cents.

The mailing cost under the third-class rates was only 1½ cents.

But under the little window in the envelope are 2 shiny new pennies. I think that is the crowning irony, Mr. President.

This company can afford to give away 2 pennies as an advertising gimmick, but it will not pay its own share of the mailing costs.

The total of the 1½ cents paid under the third-class rate, plus the 2 pennies, is 3½ cents, but the first-class postage, without the pennies, would have been 6 cents. This is certainly a graphic demonstration of unnecessary and unrequired subsidy.

To sum up my position, Mr. President, the postal employees deserve a substantial raise.

The effort to link together the postal rate increase and the postal pay raise is an unfair procedure.

First-class mail rates should not be raised.

If there is to be an increase in rates, it should be confined to second and third class.

Mr. NEUBERGER. Mr. President, I should like to reply briefly to the able presentation made on the floor of the Senate by my very good friend, the Senator from Michigan [Mr. McNAMARA]. I think there is no Member of this body who is a greater friend of working men and women than is the Senator from Michigan. He is their champion on nearly every issue which comes before the Senate.

I invite his attention to the question of who pays the postal deficit. Today we have a postal deficit of about \$700 million a year. If we pass the postal-pay bill, of which I am proud to be a sponsor, and which is a most meritorious bill, as the Senator from Michigan has pointed out, the postal deficit will be nearly \$1 billion unless we increase postal rates.

Who takes care of the postal deficit? It is the taxpayers of the United States. That is the only place where the money to narrow or to cover the deficit can originate. There is no other source.

Mr. McNAMARA. Mr. President, will the Senator yield?

Mr. NEUBERGER. I should like to complete my statement, and then I shall be very happy to yield.

Who pays the taxes? I included in the RECORD of yesterday, which appeared on our desks this morning certain charts and tables from the Treasury Department, demonstrating the income brackets which contribute the bulk of the income taxes of this country. These tables and charts demonstrate that about one-

third of the postal deficit will be borne directly by 94 percent of the American families who occupy the two lower income brackets.

The question is, Shall the users of the mail pay costs of carrying the mail, or shall all the income-tax payers pay it, regardless of how much they draw upon the mail services?

The Senator from Michigan has said that the rate should be increased for second- and third-class users, but not for first-class users. He claims that the first-class mail will carry a disproportionate share of mail costs under the bill which now is before the Senate. Let me say to the Senator from Michigan, who is as fine, faithful, loyal, and staunch a member of the Democratic Party as I know of, that even if we adopt the 5-cent postal rate, first-class mail will still carry a lower proportion of the total post office costs than it did during the administration of that greatest of all champions of the plain people, the peerless Democratic President, Franklin Delano Roosevelt.

If it is wrong, if it is unfair, if it is unwise to have first-class mail carry more than its out-of-pocket cost of operating the post office, we may wonder why that situation was not changed during the very long tenure in the White House of President Roosevelt, and the tenure in office of his appointees as Postmasters General of the United States. If this condition was unfair, I refuse to believe that they would not have changed it.

The Senator from Michigan referred to second-class mail users and third-class mail users. I am afraid the factor in the bill that he ignores is the extremely substantial increase which it now contains for second-class users of mail and third-class users of mail. He exhibited to us samples of so-called junk mail. I would hesitate to call all of it junk mail. It is what I would rather describe as circular mail. Some of it comes from very small business organizations which cannot afford the expense of advertising in the press, in the magazines, or over television and radio. Be that as it may, by way of accurate description, the fact remains that in the bill the third-class mail is raised from 1½ cents apiece to 2½ cents apiece at the end of the second year. That is a 66⅔-percent increase, if I am not mistaken.

If the Senator from Michigan believes that such an increase on third-class users is too modest, I suggest that he read some of the telegrams of protest which I am receiving in my office today from third-class mail users, protesting that the increase is far too high.

The able Senator from Michigan also mentioned the newspapers and magazines and other periodicals which are sent through the mail at the second-class mail rate. The pending proposed legislation calls for an increase of 20 percent a year for each of the next 3 years on the advertising material in those publications, and 10 percent a year for each of 3 years on editorial and informational and descriptive content.

Only today I received a letter from the publisher of the largest daily news-

paper in my State, expressing considerable disappointment at these increases, stating that they were too high. I do not honestly believe it would be wise to make the increases in second-class and third-class still higher.

I wish to say for the information of my friend from Michigan that the question in the Committee on Post Office and Civil Service was not whether the increases on second-class or third-class mail should be higher than they are in the bill, but whether they should be substantially lower. I see the Senator from Kansas and the Senator from Kentucky on the floor. They are thoroughly familiar with the controversy which existed in committee.

Mr. CARLSON. Mr. President, will the Senator yield?

The PRESIDING OFFICER (Mr. KEFAUVER in the chair). Does the Senator from Oregon yield to the Senator from Kansas?

Mr. NEUBERGER. I shall yield in a moment. I am sure the Senators will support me in my pointing out to our amiable friend from Michigan that the committee voted for the highest level of rates on second-class and third-class mail which were proposed during the discussions in committee.

It seems to me that this basic fact should demonstrate again that it would be quite unfair and quite unwise if the Senate should increase the rates on second-class mail and third-class mail still higher. I now yield to the Senator from Kansas.

Mr. McNAMARA. Mr. President, I thought the Senator was going to yield to me. I thought we had a commitment in that regard.

Mr. NEUBERGER. I am sorry. I shall yield to the Senator from Michigan immediately after I have yielded to the Senator from Kansas.

Mr. CARLSON. Mr. President, the Senator from Michigan has raised some very important points which I believe the Senator from Oregon has discussed and explained very well indeed, and very effectively and factually. I should like to give some figures with respect to second-class mail. The second-class rate was raised 30 percent in 1951. The increase applied equally to the editorial and advertising content of the second-class publications. Let us bear in mind that these rates are cumulative; that is, that the 66⅔-percent increase which is proposed will apply to the original 30 percent, which will mean an additional increase of 18 percent commencing in 1951. If the 30-percent increase is added to another 60 percent increase, plus the 18 percent increase for the advertising portion, it will mean a 108-percent increase since 1951.

Therefore I sincerely hope that the Senator from Michigan will give some thought to the 108-percent increase in the second-class postage rate since 1951. I thank the Senator from Oregon for yielding to me.

Mr. NEUBERGER. I thank the Senator from Kansas for his informative remarks.

Mr. McNAMARA. Mr. President, will the Senator from Oregon yield to me?

Mr. NEUBERGER. I yield now to the Senator from Michigan.

Mr. McNAMARA. I should like to say to the Senator from Oregon that I appreciate his remarks. However, I do not appreciate the fact that he apparently missed completely the point I had in mind. He indicated that I was in favor of raising some rates and not in favor of raising other rates. My position, as I tried to make it very clear, is that I am opposed to raising any rates, whether they be first class or any other class.

However, I say that if we are to raise any rates the poorest case of all has been made in favor of raising the first-class postage rate. I do not want to raise any rates. I hope the Senator will not misconstrue my position.

Furthermore, the Senator from Oregon has pointed out that the mail I have exhibited comes from persons who cannot afford any other kind of advertising. I have gone through this mail, and, generally speaking, it comes from people who take full page advertisements in the daily newspapers. They are the most wealthy of all advertisers.

I have listened to the colloquy, and I have not heard any reference to the increase in the postage rate on books sent to libraries. That increase amounts to 25 percent. Notwithstanding the colloquy of yesterday, that provision is still in the pending bill. The publishers who are mailing books to libraries will have their rates raised by 25 percent.

Mr. NEUBERGER. I shall ask a question on that point later. I regret it very much if I misconstrued the Senator's position. I understand his position today is that there should not be any mail rate increase on any class of mail.

Mr. McNAMARA. That is correct. I say further that the poorest case has been made on the increase of the first-class mail rate. That is my exact position.

Mr. NEUBERGER. First I should like to ask a question of the Senator from Michigan. Does he agree with me that if there is no increase in any class of mail rates we will have a Post Office deficit of approximately \$1 billion after we pass the thoroughly merited and justified postal pay increase bill?

Mr. McNAMARA. No. I do not have the figures on that point. With the phony phraseology that is used, it may be anything. I believe that any case can be made, as I pointed out, with the use of the language that is employed and the phony yardstick that is used in the report. No one can tie it down. It is vague and very indefinite. In other words, the yardstick can be 30 inches or 84 inches under various interpretations. I do not believe anyone can tell what it is.

Mr. NEUBERGER. The staff of the Post Office Department indicates to us that the deficit is about \$700 million a year. We know that the postal-pay bill will cost about \$270 million a year. Is it not true, therefore, that if the deficit gap is not closed by the users of the mail, it must be closed by the general taxpayers of the Nation?

Mr. McNAMARA. I think that argument falls flat on its face, because if we are to get money from postage rates to pay the expenses of the agencies of Government, pretty soon we will be told that the first-class postage rates should pay for the expense of the standing Army. That would make as much sense as the argument the Senator is advancing on that point.

Mr. NEUBERGER. The Senator should realize that even if we adopt the 5-cent postage rate, we still will not totally close the Post Office deficit gap after we pass the postal pay increase bill, which is urgently needed.

Mr. McNAMARA. I do not believe we should.

Mr. NEUBERGER. I should like to say to the Senator that I entered the hearings opposed, as he is, to an increase in the rates.

Mr. McNAMARA. I am sure of it.

Mr. NEUBERGER. However, I feel it is the duty of a Senator to listen to the evidence and to make up his mind on the basis of the evidence. He may be wrong, and he may be ill advised, but it is his duty to judge the evidence as he sees it.

Mr. McNAMARA. That is true.

Mr. NEUBERGER. The evidence determined me to support substantial increases in second-class mail rates and third-class mail rates and parcel-post rates and the first-class rate. I realized that otherwise we were asking the general taxpayers of the United States to make up the postal deficit. About 75 percent of the first-class mail is sent by business firms, organizations, and corporations. Mr. President, may we have order?

The PRESIDING OFFICER. The Senate will be in order.

Mr. NEUBERGER. The Senator from Michigan stated that most of the so-called junk mail, as he described it, comes from big corporations—comes from people who can well afford to advertise, I think he said.

Mr. McNAMARA. The Senator raised the point; I answered it.

Mr. NEUBERGER. The Postmaster General and the career officials of the Post Office Department called our attention to the fact that about 75 percent of the first-class mail is sent out by corporations, and that the average family mails very few letters. Why should the average family, in the withholding of the income tax that is collected from the paycheck of the wage earner hard at work, pay, through those taxes, for the mail sent by the business corporations which use 75 percent of the first-class mail service?

When I looked at the figures supplied by the Treasury and saw that most of the families in the United States are in the lower income brackets, and that those families pay the bulk of the income taxes, I did not want to ask them, with my vote in the Senate, to make up the Post Office Department deficit.

Mr. LAUSCHE. Mr. President, will the Senator yield?

Mr. NEUBERGER. I yield.

Mr. LAUSCHE. It has been said to me that under the declaration of policy contained in the bill, certain standards

have been fixed which, when applied in the future, will forever preclude the readjustment of the rates charged, especially for the large magazines. I now refer to section 103 (a) on page 24 of the bill, under the title "Declaration of Policy." In paragraph 2 on page 26, I read the following:

The collection, transportation, and delivery of first-class mail is the primary function of the Postal Establishment. The cost of first-class mail shall be (A) the entire amount of the expenses allocated to first-class mail in the manner provided by this title plus (B) an amount determined to be the fair value of all extraordinary and preferential services, specially designed facilities, and other factors relating thereto. The costs of other classes of mail and special services (except the fourth-class mail) shall be computed on an incremental or "out-of-pocket" cost basis.

Is it a fact that under this declaration of policy, until the policy shall be changed by some future Congress, all the costs for overhead, buildings, workers, and other types of services will be charged to the first-class mail in ascertaining the allocation that shall be made?

Mr. NEUBERGER. I should like to have the distinguished chairman of the full committee answer that question. He and his staff are primarily the authors of the statement of policy. When the committee voted on the statement of policy, it was not my understanding that the statements which have been made by the Senator from Ohio were correct. It was not my understanding that this declaration of policy would in any way preclude further increases in the future on the large publications which use the mails. I shall ask the chairman of the committee to answer the question.

Mr. LAUSCHE. It has been said to me that until this declaration of policy shall be changed, it will never be possible to increase the rates charged for the large magazines and other mail which is supposed to be especially subsidized.

Mr. JOHNSTON of South Carolina. That is not so. The Congress does not give up one iota of its ratemaking authority.

Mr. LAUSCHE. But where is there language that allows charges to be made to second- and third-class mail for the building of post offices, the hiring of personnel, the rental of trucks, and all the general operating expenses? Where in the bill is there language that warrants the charging of any of these items to second- and third-class mail?

Mr. JOHNSTON of South Carolina. That total cost of operating the postal service is allocated by the Post Office to the different branches within the Department.

Mr. LAUSCHE. Then the information which has come to me, that under this declaration of policy, none of the general operating costs can be charged in the future to second- and third-class mail, is erroneous.

Mr. JOHNSTON of South Carolina. It is erroneous. So far as the amendment is concerned, the only thing which would justify raising first-class postage to 5 cents is the modernization of the post offices.

Mr. LAUSCHE. I ask the Senator from South Carolina to refer, please, to page 30. The section I shall read comes under the heading, "Identification of and Appropriations for Public Services."

SEC. 104. (a) The following shall be considered to be public services for the purposes of this title.

By "public services," I understand the bill contemplates that the general taxpayer shall pay the charges. I now refer to page 30, paragraph (2). The bill provides that the taxpayers shall pay for "the loss resulting from the operation of such public welfare postal services as the star route system, rural free delivery, third- and fourth-class post offices."

Mr. JOHNSTON of South Carolina. I think the Senator omitted an important phrase, "The loss resulting from." Furthermore, it is Congress who determines the amount of that loss.

Mr. LAUSCHE. I read it. Within those types of services, are the big magazines delivered?

Mr. JOHNSTON of South Carolina. Some are delivered at every post office and on every route, I imagine.

Mr. LAUSCHE. So the magazines such as have been discussed are delivered at third- and fourth-class post offices, through the star route system, and through the rural free delivery.

Mr. JOHNSTON of South Carolina. That is correct. I may say to the Senator that if all the magazines were eliminated, the same rural carriers and the same third- and fourth-class post offices would still be operating. I do not think a single employee would be eliminated from any of them.

Mr. LAUSCHE. But under the language I have read, the magazines are delivered, upon the principle that it is a public service for which the general taxpayer should pay.

Mr. JOHNSTON of South Carolina. That is not what the policy provides. Title I simply identifies public service functions performed by the Post Office Department and then goes on to provide that Congress shall determine how much they amount to each year.

Mr. LAUSCHE. The bill provides, in section 104 (a):

The following shall be considered to be public services for the purposes of this title.

That would mean that the delivery of magazines under paragraph (2), provided for on page 30, would be considered as a public service which the general taxpayer would have to bear.

Mr. JOHNSTON of South Carolina. As I have pointed out it is Congress that determines how much of the cost of operating the Post Office Department shall be charged as a public service cost.

Mr. LAUSCHE. What bothers me is this question: On what principle can we declare it to be a policy that the delivery of these magazines is a public service for which the taxpayers ought to pay? It is a pretty hard case to make, it seems to me.

Mr. MORTON. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator from Kentucky will state it.

Mr. MORTON. Who has the floor?

The PRESIDING OFFICER. The Senator from Oregon has the floor.

Mr. NEUBERGER. I had yielded the floor after the Senator from Ohio addressed his question, because the chairman of the full committee undertook to answer the question of the Senator from Ohio.

Mr. President, if the Senator from Ohio has no further questions to address to me, I yield the floor.

Mr. JOHNSTON of South Carolina. Mr. President—

The PRESIDING OFFICER (Mr. SPARKMAN in the chair). The Senator from South Carolina [Mr. JOHNSTON].

Mr. LAUSCHE. Mr. President—

The PRESIDING OFFICER. Does the Senator from South Carolina yield to the Senator from Ohio?

Mr. JOHNSTON of South Carolina. I yield for a question.

Mr. LAUSCHE. I should like to ask another question.

Mr. JOHNSTON of South Carolina. Very well; I yield.

Mr. LAUSCHE. I note the following on page 26 of the bill, at the end of paragraph (2), in lines 22 to 25:

The costs of other classes of mail and special services (except the fourth-class mail) shall be computed on an incremental or out-of-pocket cost basis.

It has been said to me that under that language the only charges which could be made for second-class and third-class mail would be those represented by out-of-pocket payments made to truckers, railroads, and others, but none of the charges for operating the post office.

Mr. JOHNSTON of South Carolina. I should like to inform the Senator from Ohio that this language does not change the existing law regarding the allocation of costs to the various classes.

Mr. LAUSCHE. That may be true. But are we not confronted with this danger: After declaring this as a policy, hereafter it will never be possible to make a change by which there will be assigned to second-class or third-class mail anything other than incremental or out-of-pocket costs. Is that not correct?

Mr. JOHNSTON of South Carolina. All the way through it will be the actual cost of handling the mail, whatever it may be. That is my interpretation of it.

Mr. LAUSCHE. I agree that that may be the existing law. But this language declares the policy for the future. It provides that in the future the Post Office shall not charge second-class or third-class mail with any costs other than incremental or out-of-pocket costs.

Mr. JOHNSTON of South Carolina. They should be charged only actual costs. That is what the bill does.

Mr. LAUSCHE. What does the phrase "out of pocket" mean?

Mr. JOHNSTON of South Carolina. It means the actual cost of handling a particular piece of mail.

Mr. LAUSCHE. I notice that the phrase "out of pocket" is set forth in quotation marks. Therefore, obviously, it has been ascribed a special meaning.

Mr. JOHNSTON of South Carolina. It is the actual cost of handling a particular piece of mail, whatever it may be.

Mr. LAUSCHE. Does the bill contain a definition of the phrase "out of pocket"?

Mr. JOHNSTON of South Carolina. I think it will be found that in the past the Postmaster General has used that term, and that the Department is now using it. So far as that is concerned, the phrase "out-of-pocket costs" has been used for many years.

Mr. LAUSCHE. I should like to inquire about that, because it is my understanding that for purposes of this declaration of policy, the words "incremental or 'out-of-pocket' cost basis" connote only the costs which are paid actually out of pocket to railroads, truckers, and others who haul, and do not include at all the hiring of personnel or the management of buildings.

Mr. JOHNSTON of South Carolina. It means the out-of-pocket cost of every expense that arises in handling a particular piece of mail.

Mr. LAUSCHE. I am very grateful to the Senator from South Carolina, because I believe that in the future this debate will become important.

Mr. JOHNSTON of South Carolina. I am glad we have had the debate.

Mr. LAUSCHE. My fear is that it will be claimed that "out of pocket" means only the money actually paid to someone for hauling the mail, and not the proportionate share of the cost of hiring personnel, managing the buildings, and so forth.

Mr. JOHNSTON of South Carolina. I would object to any ruling other than that the meaning is all the costs of handling the mail, whether they be the costs of transportation, the cost of hiring employees, or whatnot.

Mr. LAUSCHE. Let it be understood that, for the purpose of the bill, the words "incremental or 'out-of-pocket' cost" mean all the costs, including the hiring of personnel, the managing of buildings, and other costs, proportionately.

Mr. JOHNSTON of South Carolina. That phrase means any costs of handling a particular piece of mail.

Mr. SPARKMAN. Mr. President, will the Senator from South Carolina yield to me?

The PRESIDING OFFICER (Mr. THURMOND in the chair). Does the Senator from South Carolina yield to the Senator from Alabama?

Mr. JOHNSTON of South Carolina. I yield.

Mr. SPARKMAN. I desire to call the attention of the distinguished Chairman of the committee to the fact that I have submitted an amendment—which has been printed, and has been placed on the table—to strike out lines 5 to 10, on page 42 of the bill.

On yesterday the Senator from South Carolina read into the RECORD a clarifying statement which I understand takes care of the situation. In other words, as I now understand, the satisfactory evidence which is called for here will be simply nothing more than the stamping, on the outside of the book or parcel, of the name of the organization which is seeking this privilege. Is not that the effect of the statement?

Mr. JOHNSTON of South Carolina. That is true; and the present requirements will continue in effect.

Mr. SPARKMAN. In other words, this provision of the bill is not intended to establish a new procedure, as I understand.

Mr. JOHNSTON of South Carolina. No; it is not.

Mr. SPARKMAN. And stamping the name on the outside, as stated yesterday afternoon by the Senator from South Carolina, will be sufficient and satisfactory evidence, as I understand.

Mr. JOHNSTON of South Carolina. That is true. The regulations in that field will be the same as the ones we have at the present time.

Mr. SPARKMAN. I thank the Senator from South Carolina for his statement. In view of the statement he has made, I shall not call up my amendment.

Mr. President, while I am on my feet I desire to express my gratitude to the Senator from South Carolina and his committee for the excellent job they have done in bringing this bill to the floor of the Senate, together with Senate bill 27, which relates to pay raises. They have performed a monumental task, let me say, even though I do not agree with everything contained in the bill.

Mr. JOHNSTON of South Carolina. So far as that is concerned, neither do I.

Mr. SPARKMAN. Nevertheless, Mr. President, I wish to express to the chairman and the other members of the committee my great appreciation and my gratitude to them for the excellent job they have done in connection with the bill.

Mr. JOHNSTON of South Carolina. I thank the Senator very much.

Mr. JAVITS. Mr. President, will the Senator from South Carolina yield for a question?

Mr. JOHNSTON of South Carolina. I yield.

Mr. JAVITS. I desire to address the question to my colleague, the Senator from South Carolina, as chairman of the committee. I may say that he is a most important Senator and chairman.

Mr. JOHNSTON of South Carolina. I thank the Senator from New York.

Mr. JAVITS. The provisions of the bill leave to the Postmaster General the establishment of regulations as to the administration of the 5-cent rate, if provision for it remains in the bill, within areas such as New York City, where there are a number of post offices, not merely one. Hence, I have obtained from the Postmaster General a letter which I should like to read into the RECORD.

Mr. JOHNSTON of South Carolina. I believe it will be found that in a great many cities there exists a situation similar to the one which the Senator from New York probably will call to our attention at this time. In short, there is only one general post office for a city, and then there are subpost offices in the city, and then there are rural routes extending into the surrounding country. The bill covers all that.

Mr. JAVITS. In New York City we have not one general post office only, but one post office for two of our coun-

ties, and another post office for another county, and yet another post office for another county. So a major problem is presented.

The Postmaster General has written to me, at my request, as follows:

OFFICE OF THE POSTMASTER GENERAL,
Washington, D. C., February 25, 1958.
Hon. JACOB K. JAVITS,
United States Senate,

Washington, D. C.

DEAR SENATOR JAVITS: This refers to your inquiry concerning application of the 4-cent local letter rate as proposed in pending legislation.

The 4-cent local letter rate would apply between all the independent post offices, stations, and branches located in the five boroughs of New York.

The temporary 5-cent rate would, therefore, not be required between such offices.

Sincerely yours,

ARTHUR E. SUMMERFIELD,
Postmaster General.

Mr. JOHNSTON of South Carolina. I am glad the Senator has placed that in the RECORD.

Mr. JAVITS. Will the chairman of the committee tell me whether it was in contemplation by the committee that this should be the case, as written to me by the Postmaster General?

Mr. JOHNSTON of South Carolina. That is what the committee thought would take place, and the Postmaster General testified along that line before the committee.

Mr. BUSH. Mr. President, I should like to ask the chairman of the committee a question, if he will yield for that purpose.

Mr. JOHNSTON of South Carolina. I shall retain the floor just for that purpose. Then I shall yield the floor.

Mr. BUSH. I should like to call the attention of the chairman of the committee to page 42, line 11, of the bill, which is covered by the report on page 12, at the top. It has to do with enlarging the present limitations on the size of parcel post. I see that an amendment has been offered by the Senator from Massachusetts and other Senators to strike that provision from the bill. I should like to ask the chairman, the distinguished Senator from South Carolina, whether that amendment meets with his approval.

Mr. JOHNSTON of South Carolina. I will answer the Senator by saying that I would not object to having that provision stricken, if we retained the provision for 84 inches in girth. I do not think much opposition will be found to that proposal. I think most of those interested would agree to increasing the allowable girth from 72 inches to 84 inches.

Mr. BUSH. What would be the reason for such a provision?

Mr. JOHNSTON of South Carolina. My reason is that the committee has received many complaints to the existing limitation. For example, dresses cannot be sent through the mail, because they cannot be bundled up and packaged properly in small packages. For that reason, a little more leeway is needed in order to send such packages. It will be found that the railroads will not lose anything. In my opinion, they are being

paid additionally for carrying such packages by express.

Mr. BUSH. I sympathize with the shippers who want to be able to send a larger package, for their convenience, but we are faced with a situation that is constantly referred to here, and which was referred to by our distinguished chairman in an article he wrote for the Reader's Digest, in which he pointed out more room is needed in the post offices. We are in pretty bad shape so far as sufficient room is concerned. We must correct that situation, and that cannot be done by increasing the size of packages which can be sent through the mail.

I ask the Senator from South Carolina if he would be willing to strike the whole provision out, at least until we get the post offices in a position where they can handle larger packages. The trouble now is that the post offices cannot adequately handle packages which can legally be sent through the mail.

Mr. JOHNSTON of South Carolina. The question has given us quite a bit of concern. It must be remembered that until 1952 there was an allowance of 100 inches in girth and 70 pounds. Then that allowance was changed and was decreased. Some persons thought that the allowance for the girth was cut a little too much.

Mr. BUSH. I may say to the Senator that I do not believe the size was cut enough. I hope the Senator will support the amendment, so that we will not increase the size of packages which can be sent at this time, when we are screaming about the lack of space and the very bad effect it is having on the whole postal service. There is no use increasing the load.

Mr. JOHNSTON of South Carolina. I shall take into consideration what the Senator has said. At the appropriate time I shall look into the question. So many complaints have been made about the regulation that I thought I should call the Senate's attention to the provision.

Mr. BUSH. I thank the Senator. I should like to observe that there have been no hearings on this particular section of the bill.

Mr. JOHNSTON of South Carolina. There have been hearings and that question was discussed time and time again during the hearings. We have been having hearings on the bill since last July.

Mr. BUSH. Was that particular part of the bill covered in the hearings?

Mr. JOHNSTON of South Carolina. The Senator will notice that representatives of the express company appeared before the committee and testified.

Mr. BUSH. Did they testify on this particular phase of the bill?

Mr. JOHNSTON of South Carolina. They testified at the time, and I imagine they testified in favor of the provision. There are bills in the committee introduced by members of the committee which would strike out the provision and put into effect the old law, which provides an increase in size even beyond what is now proposed.

Mr. BUSH. I am sure the Senator is correct when he says that such persons

testified before the committee, but I wonder if they testified particularly in favor of this section of the bill.

Mr. JOHNSTON of South Carolina. They testified on the provision which would increase the weights and measurements for express.

Mr. BUSH. And they were opposed to any increase, I take it.

Mr. JOHNSTON of South Carolina. Yes.

Mr. BUSH. I thank the chairman very much.

Mr. JOHNSTON of South Carolina. In order to keep the record straight, I should like to say that the express company representatives opposed the provision, but other witnesses were in favor of the increase in both size and weight.

Mr. BUSH. Representatives of dress manufacturers, for example?

Mr. JOHNSTON of South Carolina. Not only dress representatives, but others. There were many requests, as I recall it.

Mr. BUSH. As I said to the Senator, I am not surprised that any shipper—

Mr. JOHNSTON of South Carolina. The express company representatives testified before the committee. They would be the ones to testify in regard to the size and measurements of the packages, and their testimony is in the hearings.

Mr. PASTORE. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from South Carolina yield to the Senator from Rhode Island?

Mr. JOHNSTON of South Carolina. I yield.

Mr. PASTORE. I should like to ask a question with respect to the one raised by the distinguished Senator from New York [Mr. JAVITS], who, I regret, is not in the Chamber at the present time. Realizing the fact that the distinguished chairman of the committee is more or less opposed to an increase to 5 cents on first-class mail, I address my question to the distinguished ranking member of the Republican Party on the committee, with the kind permission of the distinguished Senator from South Carolina, if he will yield.

Mr. JOHNSTON of South Carolina. I yield.

Mr. PASTORE. In regard to local and nonlocal mail, which gages whether the cost shall be 4 or 5 cents, I understand one of the traditional aspects of first-class mail is that there is no measure of cost because of distance. Whether a letter was mailed to a house next door or to someone in San Francisco made no difference, because the cost of the postage stamp was always the same. A 3-cent stamp was used in each instance.

The proposal before us now is to have a 4-cent stamp and a 5-cent stamp. I am one of those who believe that our post-office system must be modernized and improved, and I believe the cost of doing so must be borne by the users of the mails. After all, the deficit is not something we shall be able to sweep under the carpet. Someone will have to pay the deficit. I say those who use the mails should pay the deficit, rather

than have 80 percent of the American people, the average people who pay 80 percent of the taxes which are paid to the United States Government, carry the load.

With that statement as a predicate, I now ask my question. Let us take the ordinary housewife who sits down and writes a letter. How is she going to know when to put a 4-cent stamp or a 5-cent stamp on her envelope, without picking up the telephone and paying 10 cents to ascertain that fact from the postmaster?

Mr. CARLSON. I do not know whether the Senator from South Carolina has the floor or not.

Mr. PASTORE. I should like to address that question to the Senator from Kansas, if the Senator from South Carolina will yield for that purpose.

Mr. JOHNSTON of South Carolina. I yield.

Mr. CARLSON. I shall be glad to try to answer the question. I may point out that this would not be our first experience in this country with having a first-class local rate and a first-class non-local rate. We had that experience when we had in effect 3-cent and 2-cent first-class rates. I am not saying that it would not bring about some difficulties. We have heretofore had difficulties, but we have solved them.

At the instance of our friends from New York there was written into the law a provision that excepted Queens County, N. Y.

The bill that we have under consideration would authorize the Postmaster General to determine the locations where first-class mail can be carried locally and nonlocally. When that matter was before the committee, I made some inquiries with regard to it. I asked, for instance, if Bethesda, Md., would be considered a part of a local operation with respect to Washington, and the Postmaster General said it would be, since such mail is handled out of the Washington offices.

This is a matter which will have to be handled administratively. It will cause some problems; there is no question about that. At the same time, it has been handled in that way before. That is the only way I know to handle it.

Mr. JOHNSTON of South Carolina. Mr. President, will the Senator permit me to add one point?

Mr. PASTORE. Mr. President, I understand I have the floor at present.

Mr. JOHNSTON of South Carolina. The Senator does but I simply wished to make a comment along the same line.

Mr. PASTORE. I yield.

Mr. JOHNSTON of South Carolina. The postmasters who came before the committee to testify on the bill stated that this procedure would cause a great deal of confusion. They felt that some people would not put the necessary stamps on their letters, and the letters would have to be returned. The postmasters did not think this procedure would be a good one.

Mr. PASTORE. I realize that there are going to be some administrative difficulties along the line suggested by the distinguished Senator from Kansas [Mr.

CARLSON]. I am not so very much worried about the administrative difficulties as I am worried about the difficulties to be faced by about 25 percent of the people who use the first-class mail.

I am not concerned about the insurance companies, for those companies will find out pretty quickly what the 4-cent zones and the 5-cent zones are. I am not concerned about the lawyers, doctors, and the commercial groups who are going to send out first-class mail, because they can find out very easily what the situation is.

What I am worried about, and what I am deeply concerned about, is the American housewife who sits down to write a letter, but does not know whether she should put on it a 4-cent stamp or a 5-cent stamp, without picking up the telephone to call the postmaster to find out whether the letter will go to a 4-cent zone or a 5-cent zone.

We are not talking about administrative difficulties. We are talking about a new system, which will require a reeducation on the part of the American public, in order to understand what the zones will be, so that they will be able to know whether to use a 4-cent stamp or a 5-cent stamp.

We will actually place many of the average people in this country in the position of not wishing to take a chance, so they will pay 5 cents when they should use a 4-cent stamp. That is a peril involved in the 5-cent rate, and I think it is a very serious one.

I repeat that I am one of those who believe that the post offices should be modernized and should be improved. I am one of those who feel that the users of the mail should pay for the modernization, and that the American taxpayers as a whole, in general, should not be charged for it.

I believe we are proposing a formula which will cause a lot of trouble. We will have postal employees going back to the persons sending the letters to collect extra postage; or we will find ourselves in the pitfall of having the American housewife pay 5 cents to mail a letter when the letter only requires a 4-cent stamp.

Mr. MONRONEY. Mr. President, will the Senator yield?

Mr. PASTORE. I yield.

Mr. MONRONEY. I subscribe completely to the thoughts expressed by my distinguished colleague, the Senator from Rhode Island. Much of the mail which is sent by the average private correspondent will wind up in a postage-due situation, or in a status where there has been an overpayment.

Further than that, the bill is so wide open that it makes it possible for one man to be given the right to say to the officials of the city of New York, "Your people can send a letter 40 miles—perhaps into Connecticut, New Jersey, or Pennsylvania, for 4 cents." Yet we say to the constituents of the distinguished Senator from Texas, or of the distinguished Senator from Florida, or of the distinguished Senator from Kansas, "You cannot send a letter bearing 4 cents postage 5 miles between your home town and the next town; because the

Postmaster General has not designated that area as a general, metropolitan area."

That would be a bad way to run a railroad, and it is a bad way to run a post office. I think it is one of the gravest faults of the bill, in addition to the fact that there is an overloading on the first-class mail user of a burden of more and more of the cost of operating the Post Office Department.

Mr. PASTORE. Does the distinguished Senator from Oklahoma not feel that there is something even more serious involved than what he has stated? The question here is not whether the Postmaster General has designated the zone, but the question is, How does the average person who uses the mail know the zone, unless he is educated as to where the zone begins and where the zone ends?

By this process we shall have to develop a new reeducation program to enable citizens to determine the boundaries of the zones. The ordinary American housewife who sits down to write a letter, either to a son or to a friend, will have to find out where the zone begins and where the zone ends every time she writes a letter. Otherwise she will not know whether to put a 4-cent stamp or a 5-cent stamp on the letter.

Mr. NEUBERGER. Mr. President, will the Senator yield? I should like to ask the Senator a question.

Mr. PASTORE. I yield.

Mr. NEUBERGER. It is obvious that it costs far less for the Post Office Department to deliver a letter within a city or within a metropolitan area than it costs to deliver a letter far out in the countryside, or even across the breadth of the vast American Continent. Is it not really a sound principle that the person who mails a letter for delivery locally, which does not require a single bit of transportation on an airplane, on a railroad train, or on an intercity bus, should pay a lower rate than someone who may send a letter across the vast width of the American Continent, from California to New England?

Mr. PASTORE. Does the Senator feel that when I sit down in Rhode Island to write a letter to Oregon I should pay less than if I write a letter to Los Angeles, Calif.?

Mr. NEUBERGER. No; I do not.

Mr. PASTORE. Very well. Is the principle not the same?

Mr. NEUBERGER. Let me say that a difference in degree can be so great that it is a difference in kind. It is obviously impossible for each letter to bear its own cost. If we were to attempt to do that we would destroy the rural free delivery. It is quite apparent to everybody who knows anything about the mail that it is far more expensive to deliver a letter on a remote rural route than it is to deliver a letter in a crowded apartment-house district in a vast city.

There is a very substantial difference in the cost of shifting a letter within a few local post offices, or in the same post office, as compared to transporting a letter on an airplane or a train. That difference is vast. One of the main charges of cost that the Post Office Department must bear and pay is the cost

of its airplane transportation, its railroad transportation, and transportation of mail on trucks and buses which carry intercity mail.

It seems to me that if it is possible to restore the principle, which formerly was in effect in our postal service, of allowing local mail to pay a somewhat lower rate than is provided for a letter which goes across the American continent, or far out into the continent, it would be beneficial to restore it.

Mr. BUSH. Mr. President, will the Senator yield to me?

Mr. PASTORE. In a moment. I have the floor.

Mr. BUSH. Yes.

Mr. PASTORE. That is a point of view, and I submit that it is an argument, but it is not exactly an answer to the question I am asking at present. I am asking, How will a housewife know when to use a 4-cent stamp or a 5-cent stamp, unless she has gone through a process of being educated as to where the zone begins and ends?

Mr. BUSH. Mr. President, I should like to speak to the question, when the Senator has finished.

Mr. PASTORE. That is the first question.

My second point is this: I understand that the additional temporary rate of 1 extra penny, from 4 cents to 5 cents, is being placed on the first-class mail alone. If we are going to be consistent in our philosophy, then why should we not have the modernization and improvement aspect of this burden shared by the second- and third-class mail users; as well as the first-class mail users?

Mr. NEUBERGER. The second- and third-class mail users will have to pay a very substantial increased rate under the bill. Whether it is put in one fund or another, the money is still to be collected.

Mr. PASTORE. The fact of the matter is that first-class mail is to pay an increase from 3 cents to 4 cents, and I understand that the extra penny, from the 4 cents to the 5 cents, is to become a part of a special fund out of which the improvements are to be made. Therefore, one can argue that the rates on second-class mail and third-class mail are being raised in order to make those rates commensurate with the increase from 3 cents to 4 cents on the first-class mail. It has been proposed that we raise an extra penny on the first-class mail, which, as I understand the matter from the debate which has taken place in the Chamber, will be used to establish a fund of \$175 million to be used to make improvements and for modernization. Therefore, the cost of the improvements and the modernization is being allocated to one class of mail, and not to the three classes of mail.

Mr. HUMPHREY. Mr. President, will the Senator yield?

Mr. PASTORE. I yield to the Senator from Minnesota.

Mr. HUMPHREY. I want to clarify some language appearing on page 26 of the bill, beginning in line 22, with the sentence reading:

The costs of other classes of mail and special services (except the fourth-class mail)

shall be computed on an incremental or "out of pocket" cost basis.

The reason I ask the question is that it pertains to the argument of the Senator from Rhode Island, who points out that the increases which are to be levied against second- and third-class mail in this instance are to be on the basis of the out-of-pocket costs of the Post Office Department, and not the facilities.

Mr. PASTORE. Precisely.

Mr. HUMPHREY. Judging from the declaration of policy in section 103, apparently it is not intended to include in the rate structure for second- and third-class mail the costs of modernization and improvement of facilities which are to be charged against the increase in first-class mail rates. I should like to have that point clarified, if that is not the case.

Mr. PASTORE. That is precisely my understanding. I understand that the presentation before the committee was precisely on that point. The same argument and logic were used. We are already increasing the rate from 3 to 4 cents, but temporarily, for a period of 3 years, we are raising the nonlocal mail rate from 4 to 5 cents, in order to accumulate a cushion which will be used to modernize and improve our post offices. It is abundantly clear to me that the money being raised for modernization and improvement is being obtained by a levy on first-class mail, and not on second- and third-class mail.

Mr. NEUBERGER. Mr. President, will the Senator yield?

Mr. PASTORE. I yield.

Mr. NEUBERGER. Would the distinguished Senator support the 5-cent rate if the extra cent were merely placed in the general fund, and not allocated to modernization and improvement?

Mr. PASTORE. I would support any rate which was commensurately justifiable with relation to the various classes of mail; and if a 5-cent rate were necessary in order to make the post office a pay-as-you-go business, I would be for it also. If a 5-cent rate became necessary in order to support the post office and make the users of the mail pay for it, rather than requiring 80 percent of average Americans who pay income taxes to pay for the half billion dollar deficit every year, I would be for it. I say, let us make our rates fair. A 5-cent charge is being proposed, not to balance the budget of the Post Office Department. It is proposed to impose a temporary fee of an extra cent in order to build up a cushion or fund to modernize and improve facilities; but it is not proposed to impose that responsibility upon second- and third-class users.

Mr. NEUBERGER. Let me give the distinguished Senator from Rhode Island a few basic facts about the increase.

If we adopt the 5-cent postage rate, as proposed in the pending bill, it will mean that first-class users will be paying about 138 percent of their share of post office costs. This will be substantially less than the proportion which first-class mail bore during the administration of our incomparable Democratic President of the United States, Franklin D. Roosevelt.

It is my understanding, from what I have learned from the officials of the Post Office Department, both the Postmaster General and the career appointees, that virtually during the entire history of this country first-class mail has carried a disproportionate share of the cost, for one simple reason.

The entire operation of every post office in the United States, large and small, is geared to the handling of first-class mail. The number of deliveries each day, the whole pattern of personnel, the use of transportation facilities, and everything which results in incurring costs, stems from the scheduling of first-class mail. This is true not only in United States post offices, but it is true of virtually all modern post office systems in the free world.

Even with the increase proposed, we shall still be short of the proportion of the cost carried by first-class mail when the great Franklin D. Roosevelt was our President.

If this is unfair to our average citizens, to the "little fellow," why did not President Franklin D. Roosevelt do something about it?

Mr. PASTORE. The only difference is this: we are talking about 1958.

Mr. NEUBERGER. Who uses first-class mail service?

Mr. PASTORE. If the Senator's argument is sound, why charge anything at all for other than first-class mail? If we must have a first-class post office, and second-class and third-class mail are only incidental, why do we charge for them at all?

I am not quarreling about first-class mail having preference. I understand that. I was once a member of the Committee on Post Office and Civil Service. I am not quarreling about an increase in second- and third-class rates. What I am saying is that the accommodations which are to be modernized and improved are being used by the second-class mailer, and the third-class mailer, as well as by the first-class mailer. Why do we try to collect the money for modernization and improvement from the first-class mailer alone?

Mr. CARLSON. Mr. President, will the Senator yield?

Mr. PASTORE. I yield.

Mr. CARLSON. The Senator from Rhode Island is making a very fine statement, and he has asked a question. He asks why we did not place a portion of the burden on second-class and third-class mailers, as well as first-class. That is a logical question. The distinguished Senator has served on the committee. He well knows that under the terms of the pending bill substantial increases would be made in second- and third-class rates. There are already great complaints, and I am sure the Senator will agree that we could not further increase those rates.

As the distinguished Senator knows, much has been said about magazines getting a free ride. However, we forget about the small weekly newspaper which would be put out of business by the elimination of second- and third-class mail.

Mr. PASTORE. I do not join in that philosophy. I think we must have sec-

ond- and third-class mail. They both serve a very useful purpose.

The argument I make is this: Is it not a fact that, so far as the temporary imposition for modernization and improvement is concerned, it is being charged solely and strictly against the first-class users, and not second- and third-class users?

Mr. CARLSON. Yes; the reason being that that is the only place from which to collect great sums of money.

Mr. PASTORE. The easiest place.

Mr. CARLSON. It is the only place.

Mr. MONRONEY. Mr. President, will the Senator yield?

Mr. PASTORE. I yield.

Mr. MONRONEY. I agree entirely with what the distinguished Senator has said, that it is a fraud on the average housewife to force her to pay 5 cents for the uncertain cost of delivering a first-class letter in a metropolitan area.

The proposed increase has been called temporary—a 3-year increase. I point out that our present 3-cent postage rate, which has been in effect since 1932, was instituted as a temporary increase above the 2-cent rate.

Third, I point out that the testimony of the Postmaster General before our committee was that he did not expect to spend for new buildings a thin dime of the extra \$175 million which the first class users pay. He intends to rent the buildings; and he expects to obtain cheaper rent under the new leases than he is paying today.

He wants to spend \$175 million a year in order to add new equipment to the buildings. I asked the Postmaster General, who was a good Chevrolet dealer, if the Internal Revenue Service would allow him to write off in 3 years the cost of new labor-saving equipment when the life of the equipment was 20 years. He said he could not do it as an individual; but he is asking the taxpayers to write off the cost of new equipment in 3 years when the life of the equipment may be as much as 20 years.

I say that that is not proper accounting procedure. It is not fair or ethical treatment of the first-mail mail users. It will lead only to confusion worse confounded in the Post Office Department. That is why we repealed the 2-stage first-class rate which was previously in effect.

Mr. BUSH. Mr. President, I wish to return to the Senator's original question, namely, how it will be feasible, if possible, for the average housewife to distinguish between what is required—a 4-cent stamp or a 5-cent stamp? Incidentally, and parenthetically, I should like to compliment the distinguished Senator from Oregon [Mr. NEUBERGER] on the excellent case he has been making on the bill, particularly this afternoon.

Mr. NEUBERGER. I thank the Senator from Connecticut.

Mr. BUSH. I admire the way he has been handling it.

Now I should like to ask my friend from Rhode Island why he thinks it would be so difficult for a housewife or anyone else to determine whether a letter required a 5-cent stamp or a 4-cent stamp. I am sure the Post Office Department will issue

some regulations in that connection. I am sure the Post Office Department will be in a position to supply some information. One way to find out would be to go to the post office to inquire about the mail rate, whether it be on first-class or airmail or foreign mail or parcel post. It is not unusual for a citizen to go to the post office for information. It may take a little time. However, we are in a period of transition and we are talking about increasing our revenues by approximately \$175 million for a very worthy and necessary purpose.

Why is the Senator from Rhode Island so dubious about mailers being able to adjust themselves to the new condition?

Mr. PASTORE. It is not a matter of being dubious about it. After all, there is a possibility that the users of the mail will be able to find out what zone is involved. No one has questioned it.

Mr. BUSH. Then what is the problem?

Mr. PASTORE. The problem is this. First of all, this is to be a temporary procedure for 3 years. The average housewife will not know, without picking up the telephone, where a zone begins or ends. She will have to pick up the telephone to find that out every time she writes a letter. Will the Senator from Connecticut dispute the fact that the average housewife will not know where a zone begins or ends?

Mr. BUSH. I certainly would dispute it. I would say that the average housewife would know more than 90 percent of the time, and the times when there would be some doubt would be very few. Contrary to being usual, it would be most unusual.

Mr. PASTORE. Does the Senator from Connecticut know now where his zone is going to begin and end?

Mr. BUSH. No; but I can find out very quickly.

Mr. PASTORE. He can find out very quickly, he says. How? By picking up the telephone. That is exactly what I am saying.

Mr. BUSH. It may be that the Post Office Department might pay me the courtesy of mailing me a statement saying "This is it."

Mr. PASTORE. Is there anything in the bill which provides that the Postmaster General shall send a notice to every person living in the country telling him where his zone begins and ends?

Mr. BUSH. So far as I know, there is nothing like that in the bill. Furthermore, I see no reason why there should be.

Mr. PASTORE. That is the suggestion—

Mr. BUSH. That is my suggestion. However, it does not have to be in the bill, necessarily. The Post Office Department has some judgment, I am sure.

Mr. PASTORE. Fundamentally what we are getting at is this: I live in the city of Providence, and I do not know, as I stand here this afternoon, preparing to vote on the bill, just how far I can mail a letter with a 4-cent stamp and how far I can mail a letter with a 5-cent stamp until the postmaster in my locality has defined the zones for me.

Mr. BUSH. What is wrong with that?

Mr. PASTORE. There may be nothing wrong with it. However, all I am

saying is that it is an inconvenience to the American housewife. I say it is putting her to the pain and trouble of determining when she can mail a 4-cent stamped letter and when she can mail a 5-cent stamped letter.

I say we are getting away from the basic tradition. I realize that there have been one or two exceptions, but traditionally we have always boasted of the fact that in America, no matter where we live, and no matter how far or how near we live with respect to anyone else, a 3-cent stamped first class letter will get there.

Now we are about to change that basic philosophy. We are talking of juggling the zones. I say that we are about to inconvenience the average housewife. I am not saying that it is impossible to determine the zones. What we are about to do would put a burden on the back of the average American in each locality by asking him to find out just how far he can send a 4-cent stamped letter or a 5-cent stamped letter.

I wager that more than 75 percent of all the mail in this country does not bear a zone designation in the address. That is because most people do not know in which zone they live or in what zone the addressee lives. That has been a very great inconvenience for the Post Office Department, and it has caused the mail users a tremendous amount of trouble.

It seems to me we are adding insult to injury this afternoon by compelling every housewife, every time she writes a letter, to first find out whether she can send it for a 4-cent stamp or a 5-cent stamp.

How will it all end? I say it will end by the average mail users putting a 5-cent stamp on the letter and the big houses putting a 4-cent stamp on their letters, because they will have their secretaries find out where a zone begins and ends.

Mr. NEUBERGER. I should like to ask the distinguished Senator from Rhode Island if he would advocate an abolition of the use of zone rates for parcel post shipments.

Mr. PASTORE. No; I would not.

Mr. NEUBERGER. He thinks that is all right?

Mr. PASTORE. That is fourth-class mail; that is an entirely different matter.

Mr. NEUBERGER. Is it not a fact that the average housewife who sends a package by parcel post, and that every person who sends a Christmas parcel, the most sacred mail that can be sent, must pay for the transportation of the parcel based on a zone rate?

Mr. PASTORE. I ask the Senator how many American housewives he thinks send parcel post packages without taking them to the post office to find out what the postage is going to be.

Mr. NEUBERGER. A great many people would find it—

Mr. PASTORE. I do not believe so.

Mr. NEUBERGER. A great many people would find it convenient to be able to mail their Christmas presents without taking them to the post office, but they must go to the post office because of the zone rates.

Mr. PASTORE. That is correct. Now we are told that every American housewife who sends a letter must go to the post office to find out whether it will take a 4-cent stamp or a 5-cent stamp. That is exactly my point.

Mr. NEUBERGER. Why does not the Senator offer an amendment to the bill, which would be germane, to abolish the zone system for parcel post shipments, many of which consist of Christmas parcels? Why does he not offer such an amendment?

Mr. PASTORE. I may get around to it.

Mr. NEUBERGER. I shall await the offering of such an amendment.

Mr. HUMPHREY. Mr. President, will the Senator yield?

Mr. PASTORE. I yield.

Mr. HUMPHREY. The obvious answer is that on letter mail a standard rate is applied. In connection with parcel post, the packages vary in weight, and it is necessary to take a package to the post office and to pay the rate according to the zone involved. It is necessary to undergo a physical examination with the package, so to speak.

Mr. NEUBERGER. Mr. President, will the Senator yield?

Mr. PASTORE. I yield.

Mr. NEUBERGER. We have heard how inconvenient the zone system is. The Senator from Rhode Island said also that the average American will have imposed upon him this terrible zone system. Is the distinguished Senator from Rhode Island aware of the fact that the Post Office Department tells us that at least 75 percent of all first-class mail is sent by business corporations and large organizations?

Mr. PASTORE. I realize that, Mr. President; I am not disputing it. I know that 75 percent of the first-class mail is sent by commercial houses. I realize that only 25 percent of the first-class mail is sent by the average American. I am one of those who believes that the mail system should be put on a pay-as-you-go basis. I hope I am not being misunderstood in that respect. I am one of those who have said for a long time that we should raise the rates on the mail and avoid the tremendous deficit of approximately half billion dollars which the Post Office Department incurs each year. I believe all that. I believe the committee has gone as far as it can on second-class mail. I believe it has gone as far as it can on third-class mail. I believe all those things. I am not opposed to the Senator's bill. The only question I am raising is that today we are asked to do something that is unorthodox. We are now being told that it will be necessary to apply zones to the first class mail.

I have never sent a parcel post package without first taking it to the post office to find out what it weighed and how much it cost to send it. Now we will get something new. A person, before he can send a letter, will have to get information as to the zones. The average housewife will have to leave her kitchen table, or a person will have to leave his library, to find out from the postmaster whether the letter will take a 4-cent stamp or a 5-cent stamp. No

one will know the zone limits unless he finds out about them, and becomes educated at the post office. By the time the people become educated, the 3 years will have expired. [Laughter.] The 3 years will have expired, and all we will be doing will be running around in circles.

If we are going to do it, let us get away from all the hocus-pocus and do it right. If we need \$157 million, let us get it in the right way. Let us not start a 4-cent and 5-cent combination for 1 year or for 2 years or for 3 years. Let us not say that if a letter is mailed from Cranston, R. I., to Providence, R. I., it will cost 4 cents, but if it is mailed from Pawtucket it will take 5 cents. I cite those examples in my State. Similar examples can be cited in Oregon and other States. I venture to say that there is not a Senator on the floor who knows today where it will cost 5 cents or 4 cents to mail a letter until perhaps some future date. The only way to find out will be by going to the post office and be educated. I say that if America needs more education, let us provide it in the schools; let us not start by having the post office provide it. [Laughter.]

That is precisely the point I am making. It is a very simple point. I am not arguing against an increase in mail rates. All I am saying is that we should do it in a sensible way. The proposed method is apparently the convenient way of doing it; but it does not seem to me to be the painless way of doing it. I do not wish to reiterate what I have already said, and I have talked on the bill more than I expected to talk on it. I am referring to the point raised by the distinguished Senator from New York [Mr. JAVITS] who is very troubled about what the postal rates would be in New York City. We can imagine how the average housewife in Oregon or Rhode Island would feel if she must first go to the post office to get an answer to the question whether her letter requires a 4-cent stamp or a 5-cent stamp. The American housewife will either have to pick up the telephone, or put on her coat and go down to the post office to find out. I do not think we ought to do that to the American housewife. If 5 cents is needed, then let us make it 5 cents across the board. If 4 cents is needed, let us make it 4 cents across the board.

But the idea that the Postmaster will begin to fix and adjust the zones after a census has been taken, and that in perhaps 5, 6, or 7 months from now we will find out what the zones are, is ridiculous. Just about the time we become accustomed to that, the law will expire.

I say this is not the way to accomplish the purpose. This is something which is troubling me. I have an open mind on the bill. But I question the idea of an additional charge on one class of mail for modernization and improvement of the post offices. I think that cost should be shared, first, by all; and, second, that some other system should be devised which will not cause inconvenience to the average American.

Eighty percent of the income taxes and other taxes of the Nation are collected from Mr. and Mrs. Average American. I know that Mr. and Mrs. Average

American are being called upon to pay off a half-billion-dollar postal deficit every year. That is wrong. I feel that the postal deficit should be sustained by the users of the mails. I believe the rates should be raised. But I think the way in which we are proceeding, on the basis of a temporary charge of 5 cents for first-class postage for a period of 3 years, will not only cause a lot of confusion, but will be oppressive to the average American who uses the mail perhaps once in a long while and will not know whether to use a 4-cent or a 5-cent stamp. We simply cannot do this to the American people.

Mr. JAVITS. Mr. President, will the Senator yield?

Mr. PASTORE. I yield.

Mr. JAVITS. Apparently I was the spark that set the Senator off.

Mr. PASTORE. And what a spark it was.

Mr. JAVITS. I have enjoyed every minute of the Senator's speech. He has made an eloquent case.

I should like to ask the distinguished junior Senator from Oregon, who has done outstanding work on the bill, a question or two, while the Senator from Rhode Island listens, as my questions affect his position.

I observe that the Senator from Oregon is not on the floor at the moment, so perhaps some other member of the committee can answer my question.

Mr. MORTON. I will try to do so.

Mr. JAVITS. Was the 5-cent rate made temporary, rather than an across-the-board 5-cent rate, in order to minimize the action? In other words, are we really putting the burden on second- and third-class mail; but for the post office renovation are we making the 5-cent first-class rate temporary for the obvious reason that we do not want to have it remain in effect any longer than we absolutely have to, and it is felt that 3 years is adequate? In other words, is this an effort to do something for the first-class rate rather than an effort to tax it when we are not taxing the others?

Mr. MORTON. I think probably the author of the amendment ought to explain that point. From my own standpoint, I agree with much that the Senator from Rhode Island has said. There is no question that the proposal is awkward. There is a need for the funds. This seems to me to be a practical way of getting, within the next three years, the revenue which is necessary. Congress has not, for 20 years, made appropriations for the type of equipment and machinery that is really needed for modern postal service.

Mr. JAVITS. My colleague from Rhode Island and I have had debates before. I know how sincere he is when he says he favors the principle of the bill.

Mr. JOHNSTON of South Carolina. Mr. President, I think I should call the attention of the Senate to the fact that I intend to propose an amendment which will accomplish the same purpose, but in a different way. I am against the proposed 5-cent first-class postage rate.

Approximately \$152 million is being received each year by the retirement fund for the postal workers alone. My

proposal is to take that money, use it for three years, and then to pay it back after about 1965. My amendment provides for the payment of interest and principal over a term of 20 years.

I think the improvements which will be made in the post offices will save enough money to let the Post Office Department pay back the money it borrows. I shall offer such an amendment at the appropriate time.

Mr. JAVITS. I share the view of the Senator from Rhode Island at the moment. I wonder if he feels that the 3-year period is really an attempt to minimize the action, and that the alternative is 5 cents across the board?

Mr. PASTORE. The chances are that if the rate was 5 cents across the board, we could get away with it for 1 year, and then let the rate revert to 4 cents; I do not know. But I see great injury and much inconvenience. Three years was chosen because a great deal of money is not really required. There is involved \$175 million for the improvement of the postal service. That is not a large sum of money. All things considered, the inconvenience will really outweigh the amount of money which will be received.

I suppose that if a person puts a 5-cent stamp on a letter, when he could have put on a 4-cent stamp, he will simply lose the extra cent. But if a person puts a 4-cent stamp on a letter instead of a 5-cent stamp, the extra cent will have to be collected from the addressee.

But I see other inconveniences. To use the expression of the Senator from Kentucky [Mr. MORTON] real awkwardness will come out of all this. I should think there would be a more sensible, a more practical, a more convenient way of raising \$175 million. That is the only thing that bothers me; it is the only thing that bothered the Senator from New York; otherwise, he would not have written to the Postmaster General.

Mr. JAVITS. The Senator from Rhode Island is correct in bringing this to our attention.

Mr. MORTON. I agree with the Senator that there will be awkwardness and inconvenience. As he was speaking, I was thinking in terms of my own family. My wife probably does not have any greater than average intelligence in some things. She did not have it when she said "yes" to me. But she is reasonably intelligent. When she sits down to pay her bills at home, she will have some 4-cent stamps there for use within the community. We happen to live just outside Louisville, but it is within the community. If she is writing to our son at college, she will use a 5-cent stamp. I do not think she writes many letters within the community, other than to pay the bills. Within the community, she uses the telephone. It is easier to call up Aunt Minnie than it is to write a letter. I think her chief inconvenience will be the buying of the stamps. That will cause her more inconvenience than paying 5 cents for a stamp.

Mr. PASTORE. I have raised the question because it has disturbed me. I hope that before the matter is crystallized, before we take a vote, some Senator will come forward with an idea

which will obviate the awkwardness and place the matter on an even keel so as to enable us to act intelligently. What we all want to do is to place the Post Office on more of a pay-as-you-go basis, without, at the same time, inconveniencing the American housewife too much.

Mr. MONRONEY obtained the floor.

Mr. CARLSON. Mr. President, will the Senator yield, that I may suggest the absence of a quorum?

Mr. MONRONEY. I yield for that purpose.

Mr. CARLSON. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. CARLSON. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. MONRONEY. Mr. President, I ask unanimous consent to add the name of the junior Senator from Wisconsin [Mr. PROXMIRE] to the amendment designated 2-25-58-F.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. MONRONEY. Mr. President, I ask unanimous consent that the name of the junior Senator from Wisconsin [Mr. PROXMIRE] be transferred from the sponsorship of the pay bill to the amendment to which I have just referred.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. MONRONEY. Mr. President, I feel that I do not need to take very much of the time of the Senate.

The pending question does not relate to raising more revenue. The question is simply whether the deficit of the Post Office Department shall be shared in major degree by those who use the mails, or whether the deficit shall be saddled on the backs of those who pay the income taxes.

The Congress could leave the rates as they are today, and thus could cause a \$900-million deficit to be built up; but the taxpayers would have to pay the bill.

So, we are only trying to transfer the obligation—the cost of transporting the mails—primarily to those who use the mails, and thus remove it from the backs of the general taxpayers. That is the purpose of the bill.

Mr. President, no bill dealing with revenue can be perfect; neither can a bill dealing with postal rates be perfect.

I believe that, with one exception, the bill the committee has reported is a good one. I believe it properly recognizes that each class of mail users should pay a proportionately higher charge for transporting and handling the mail than is the case at the present time.

I believe the bill will result in increasing in a very proper degree the rates on the first-class, second-class, third-class, and fourth-class mail users.

The major question before us—and once we settle it, I believe we can move rather rapidly—is whether the rate for first-class mail shall be 4 cents or 5 cents. If the rate is increased to 5

cents—as the Republican members of the subcommittee voted, and as the Senator from Kansas [Mr. CARLSON], the ranking Republican member, sponsors—we shall be increasing by 66⅔ percent the rate charged for the carrying of first-class letters. That will be far more of an increase—almost double, in fact—than the increase proposed for the other classes of mail, even though all cost accounting will show that today those who use the first-class mail pay the heaviest share, even at the present 3-cent rate.

But now it is proposed that the first-class rate be increased to 5 cents. That increase is sponsored by the Republican members of the subcommittee, with the exception of the distinguished senior Senator from North Dakota [Mr. LANGER]. All the other Republican members of the subcommittee favor increasing the first-class rate by approximately 66⅔ percent.

Mr. KNOWLAND. Mr. President, will the Senator from Oklahoma yield to me?

Mr. MONRONEY. I yield.

Mr. KNOWLAND. The Senator from Oklahoma recognizes the fact, does he not, that the minority Members could not have participated in reporting the bill unless some Senators on the Democratic side had joined them?

Mr. MONRONEY. That is correct; and the names of those Senators were made public at the time. But the fact is that only two Members on the Democratic side favored the bill, and 5 or 6 of the Democratic Members were opposed to it.

So, Mr. President, the line is clearly drawn.

If those on the Republican side choose to present the public with a 66⅔ increase in the rate charged for first-class mail, I think the public will rise in righteous wrath and will say that such an increase not only is unfair and inequitable, but also will result in having the greater part of the increased revenue to be realized by the Post Office Department obtained from those who use the first-class mail, as will be shown, and as my distinguished colleague, the Senator from Rhode Island, has just pointed out.

Furthermore, the proposal for a 5-cent rate is one which will result in a very awkward situation, under which the housewives will not really know the cost of mailing a first-class letter into metropolitan areas, inasmuch as, under the present proposal, the rate could be changed at will by the Postmaster General of the United States. So even if the housewives finally learned, after 1, 2, or 2½ years, the rate on first-class mail, the rate would still be subject to being changed at will by the Postmaster General whenever he might choose to change the 4-cent rate to a 5-cent rate, or vice versa.

Much has been made of the statement that the proposed increase will be for only 3 years, and that the revenue thus raised will be used for the purchase of new equipment. Mr. President, I say that is the finest example of political camouflage I have ever seen. The 3-cent stamp now in use was voted as a temporary increase on the 2-cent stamp

away back in 1932. But it has been in effect ever since.

If anyone believes that this administration or another administration, even a Democratic one, once a 5-cent rate is charged those who use the first-class mails, will repeal it during my lifetime or that of any other Member of the Senate, I think he is greatly mistaken. Anyone who entertains such a belief is simply blowing soap bubbles. I do not think the rate will be reduced, once it is increased.

The idea that the additional funds, thus raised, would be used for the construction of buildings and for rehabilitation of the postal plant suddenly developed after the resistance arose to the proposed 5-cent rate, which is sponsored by the Republican Party and the Republican Members.

Mr. President, the testimony of the Postmaster General is that not one penny of the increased revenue thus obtained will be used for the construction of buildings. We find that testimony on page 543 of the hearings. The Postmaster General definitely pointed out that the money would be used only for modernization. In that connection, let me read from the hearings, as follows:

Mr. SUMMERFIELD. A good deal of that is modernization as well. All of these buildings do not have to be replaced—some will be modernized.

Senator MONRONEY. This reequipping is not going to be for 3 years that you propose the 5-cent tax. This equipment ought to last about 20 years. The income-tax department would take a dim view of you writing off your equipment in 3 years' time and for that reason, I do not see why the Government should be expected to pay for all of the cost of modernization out of 3 years of the 5-cent postage. We are not that poor. This is a capital investment.

Mr. President, it is 20 years overdue. It will serve for another 20 years. Yet Mr. Summerfield wishes to have the first-class mail users pay for it over a period of 3 years. That simply is not good business.

Mr. President, when we speak of the 5-cent rate, we must realize that approximately 44 percent of the first-class mail would still move at the 4-cent rate, whether under the Democratic-sponsored universal 4-cent stamp or under the Republican-sponsored hybrid 4-cent—5-cent stamp. Consequently, we must realize that the 1-cent increase would apply to the 56 percent which moves out of town and out of the metropolitan areas.

The PRESIDING OFFICER. (Mr. DOUGLAS in the chair). Let there be order in the Chamber. The Chair asks that the pages be quiet. The Chair has now made this request of them twice, and the Chair asks them to pay attention to it.

Mr. MONRONEY. Mr. President, the testimony of the Postmaster General was that the business use of the first-class mail amounts to almost 80 percent of its total use. That means that even though the rate for first-class mail is increased to 5 cents, 80 percent of the total representing the business use of the first-class mail, will be tax deductible. Business firms will be able to deduct the increased expense caused to

them by the imposition of the proposed 5-cent rate; and because of the corporate income tax structure, Uncle Sam will pay half of the added cost.

In that case only half of the increased revenue now anticipated will be actually obtained in the case of the 80 percent of first-class mail represented by business mail, because the increase charge will be tax deductible.

Furthermore, the 4-cent rate which we are sponsoring will yield only \$178 million less than the amount of revenue expected from the Postmaster General's 5-cent rate. That does not take into account the offsetting tax loss which will occur with respect to first-class business mail.

Consequently, if consideration is given to that situation, and also to 2 or 3 other items which we have included in the bill in an attempt to avoid the proposed 5-cent rate, it will be found that the bill with the amended first-class rate would produce within about \$130 million of the amount which would be produced by the rate and the bill the Postmaster General favors.

The Postmaster General proposed an increase of 1 cent in the airmail rate. When those of us who take the position on the pending issue of not favoring the proposed 5-cent rate, we sought other equitable means of making up the deficit. Consequently, even though I am somewhat partial to the cause of civil aviation, and airmail, as many of my colleagues realize, I suggested increasing the airmail rate the Postmaster General has requested. He has requested an increase from 6 cents to only 7 cents. The present bill provides an increase to 8 cents, corresponding to the 33⅓ percent increase which the proposed 4-cent rate would impose on those who use the first-class mail, as a result of increasing the first-class rate from 3 cents to 4 cents. I believe such an increase would be equitable.

Mr. PASTORE. Mr. President, will the Senator from Oklahoma yield to me?

Mr. MONRONEY. I yield.

Mr. PASTORE. Is that increase limited to a 3-year period?

Mr. MONRONEY. It is not. It is permanent legislation.

Mr. PASTORE. Therefore, if it is true that the difference is only about \$130 million, as between the recommendation of the Senator from Oklahoma and the bill as reported by the committee, if we consider the fact that the improvement and modernization can be amortized over 20 years instead of 3 years, we come out even insofar as modernization is concerned.

Mr. MONRONEY. I am grateful to the Senator from Rhode Island because he has stated the situation exactly. As a matter of fact, the increase of 2 cents in air-mail postage rates will result in about \$17 million additional revenue.

Mr. CARLSON. Mr. President, will the Senator yield?

Mr. MONRONEY. I yield to the Senator from Kansas.

Mr. CARLSON. The Senator has been discussing air-mail rate increases. According to the 1956 cost-ascertainment study, air mail at the 6-cent rate

is more than paying its cost at the present time, and an additional charge of 2 cents would result in a far greater increase than would be applied to any other type of mail. Is that correct?

Mr. MONRONEY. It is said that figures do not lie, but liars can figure. There are dozens of different cost ascertainment studies by which one can prove anything he wishes to about conditions in the Post Office Department. I think there were a number of such ascertainment studies before the committee. If the cost of first-class letter mail is to be increased 33⅓ percent, then air-mail rates ought to be increased 33⅓ percent.

I am certainly against the Postmaster General's proposal to increase first-class rates by 66⅔ percent and air-mail rates by only 16⅓ percent.

Mr. PASTORE. Mr. President, will the Senator yield?

Mr. MONRONEY. I yield to the Senator from Rhode Island.

Mr. PASTORE. Is it not true that airmail is superpreferential mail? One does not have to send mail that way. He can send it first class and still pay only the regular first-class mail rate, but if he prefers to have the mail get super, preferential treatment, I do not see anything unreasonable in raising the cost for carrying such mail from 6 to 8 cents, as against raising the cost for carrying first-class mail from 3 to 5 cents. I think the equities lie heavily on the side of the position of the distinguished Senator from Oklahoma, as an alternative to the awkwardness that we have been talking about, of having to reeducate the people of the country as to zone differences before they can send out a letter.

Mr. MONRONEY. Many magazines and association publications have mail handled at a cost of about one-eighth of a cent. The bill provides that the cost of that mail shall be increased in three annual gradations of one-eighth cent. Everyone knows mail cannot be handled for one-eighth of a cent. The bill provides that the minimum second-class rate shall be at least one-half cent. That will bring in several million dollars more revenue.

It is also proposed to change the accounting system to more businesslike methods, so the cost of the Government's contribution to employee retirement will be included in postal costs, because it is a proper part of the cost of handling mail. Railroad companies have to include their contributions to the retirement funds in their costs for ratemaking purposes. Why should the Post Office exclude the retirement payments? This additional cost item should increase parcel post rates, which are increased by the Interstate Commerce Commission, by 6 or 7 percent. So we have tried to present a good, sound, workable bill, with the object of having the users of mail pay for the cost of operating the Post Office Department, with the exception of the cost of public service operations, and putting the Post Office Department on a proper cost ascertainment and proper operating basis.

Mr. CARROLL. Mr. President, will the Senator yield?

Mr. MONRONEY. I yield to the Senator from Colorado.

Mr. CARROLL. I am impressed with the remarks of the distinguished Senator from Oklahoma with reference to the 4-cent rate; but the Senator in his remarks has made reference to newspapers and other periodicals. I observe that on page 5 of the report it is stated:

NOTE.—The existing low preferential rates on newspapers or periodicals of religious, educational, scientific, etc., nonprofit organizations, * * * and other publications for classroom use are continued without material change.

I had not intended to bring this point out during the discussion at this time, but I may say to the distinguished Senator from Oklahoma that it is my information that there is a material change in the rates for the distribution of religious and educational papers. I should like to have that point clarified.

Mr. MONRONEY. I think the statement the Senator read may not be entirely accurate, as I believe a percentage of the increase in the minimum rate from one-eighth of a cent to one-half cent does apply to religious and scientific papers. I should like to check it further. It applies to trade associations, union newspapers, and others which heretofore have been delivered for one-eighth of a cent.

Let me give an illustration. Representatives of the rural carriers, who are very patriotic and understanding, came to my office a few weeks ago. We were talking about the rate bill. They told me they sent thousands of copies of their publications all over the United States, and as far away as Hawaii. I think about 5,000 copies were involved. They told me all those publications were sent as far away as Hawaii, Alaska, and elsewhere, for a total cost of \$48. They said they knew this mail could not be carried from Washington to Baltimore at that cost.

It is a fact that on that kind of mail we are raising the minimum rate to one-half cent. However, I am not sure whether that provision affects religious, scientific, or educational publications, but it does affect trade association publications, and publications of other organizations that are nonprofit.

Mr. CARROLL. But it is not proposed to raise the rates for religious and educational publications, is it?

Mr. MONRONEY. I am not sure, but I believe these publications are affected.

Mr. CARROLL. I may say to the distinguished Senator from Oklahoma that I have had two long distance calls on this point. I shall later have a formula on which to interrogate the Senator. In Colorado the publishers of a religious paper have stated that the proposal would substantially interfere with their publication. They may have been misinformed, but I think not.

Mr. MONRONEY. Is it registered as a religious publication?

Mr. CARROLL. I think it is.

I should like to ask the Senator how the proposal would affect the National Education Association group in its dissemination of information through the mail.

Mr. MONRONEY. I would have to have further information to answer that question specifically. I may say that, aside from religious and similar special categories of mail, I am against delivering a piece of mail for one-eighth of a cent. If the groups are not in the special eleemosynary category, I think they can pay a minimum of one-half cent. We are proposing to raise the cost of postage stamps to individuals to whom it may be a much greater hardship.

I cannot reconcile the continued attempt to shift to the general taxpayer the cost of handling publications, aside from religious, scientific, and educational ones. I do not believe that other publications are entitled to be given a free ride, at Uncle Sam's expense, or at the expense of the general taxpayer.

Mr. CARROLL. If the Senator will yield further, I appreciate his observation. I simply wanted to find out whether the statement in the report was true, in view of the information I had received from sources in the State of Colorado. I desired to ascertain whether there was any material change, as indicated by the report.

Mr. MONRONEY. In order to be sure, I would have to know the class and the rate and the schedule under which the particular publication moves. It could be the publication is in the category which it is proposed to raise from one-eighth cent to one-half cent.

I will say to my people in Oklahoma, if they are in that category, that they ought to pay one-half cent. I am not going to worry if they do have to pay one-half cent. As a matter of fact, I thought they should pay a minimum of 1 cent. That would make even more unnecessary the nickel postage stamp which the Republicans are trying to impose on the people of the United States.

Mr. CARROLL. I will have more information for the Senator from Oklahoma, and I will try to present the formula which is presented to me, so that the Senator may examine it. I hope that we may pursue this matter further.

Mr. MONRONEY. I thank the distinguished Senator, and will be happy to look into the matter further, and discuss it with him.

Mr. GORE. Mr. President, will the Senator yield?

Mr. MONRONEY. I yield to my distinguished colleague from Tennessee.

Mr. GORE. Do I correctly understand that under the terms of the bill, if it is enacted into law, the rural carrier organization or any other private organization could obtain a nationwide distribution of 5,000 copies of its trade publication, including distribution in all of our insular possessions, for less than \$100?

Mr. MONRONEY. I was told by a representative of the rural carriers who came into my office that the cost of mailing several thousand copies of their monthly report was in the neighborhood of \$48. I was amazed to hear that, but I was also pleased with the frankness of the spokesman, who stated he believed they ought to pay a substantial amount more.

Mr. GORE. Then why did the committee not report a bill containing a

recommendation for more than one-half cent for delivering mail on a nationwide basis?

Mr. MONRONEY. I proposed a 1-cent minimum, and the committee decided it would rather take the half cent, moving the rate up gradually to the half cent. We shall have meetings from year to year. If there is a need to make the rate higher at a later date I think we could do so. I do say we are moving toward adjusting the unjustified privileges which are extended to many people in our second-class mail structure.

Mr. GORE. The able Senator says, "If there is a need to go higher." Should there not be some relationship between the cost of a service and the charge for the service?

Mr. MONRONEY. Historically we have, of course, carried various classes of mail at rates less than cost because we felt it was in the public interest to do so.

I wish to quote the figure for 1956 relating to the religious, educational, and welfare publications, the first group which the Senator asked about. The alleged cost to the Post Office Department for the handling of that mail was \$2,223,000. The amount paid for that service was \$199,000.

Then we come to the agricultural, business, and professional publications, which is the category I am now talking about. The cost of handling those was \$30,752,000, and the income from them was only \$7,187,000. That means that less than one-fourth of the revenue needed to cover the cost of handling was obtained.

Mr. GORE. Mr. President, will the Senator yield further?

Mr. MONRONEY. I am happy to yield.

Mr. GORE. The Senator is stating, is he not, that the particular provision of the bill goes in the right direction but by no means is sufficient in the amount designated if there is to be a relationship between the cost of the service rendered and the charge made.

Mr. MONRONEY. I quite agree with the Senator. The Senator should bear in mind that I am referring to non-profit publications. For that reason the Congress has been rather generous. We are now starting to increase the rate on those publications, to reduce the levy on the general taxpayer and to make the publications carry a little bit more of their own load.

Mr. President, the figure which is set forth in the bill as the cost of various public service functions is 15 percent of total expenditures. Even assuming a 10 percent figure for public service, the 4-cent rate would provide more than enough revenue to cover the cost of operations of the Post Office Department.

There will always be an amount properly chargeable to public services. These include the cost of reduced rates on newspapers or periodicals of certain nonprofit organizations; on certain matter sent free through the mails; free-in-county mailing privileges; free postage and reduced postage rates on reading matter and other articles for the blind; free

mailing privileges to the Diplomatic Corps and the countries of the Pan American Postal Union; free mailing privileges to the Pan American Sanitary Bureau; reduced second-class postage rates to certain organizations; reduced third-class postage rates to certain organizations; free postage, including free airmail postage, for postcards, ballots, voting instructions, and envelopes transmitted in the mails under the authority of the Federal Voting Assistance Act of 1955; reduced fourth-class postage rates for books, films, recordings, and related materials for educational use; such public welfare postal services as the star route system, rural free delivery, third- and fourth-class post offices; nonpostal services, such as the sale of documentary stamps for the Department of the Treasury; performing special services such as cash on delivery, insured mail, special delivery, and money orders; free handling of registered mail for the post office and other Federal agencies; transportation subsidies borne by the postal establishment in compliance with or resulting from the nonenforcement of Federal statutes; additional cost of transporting United States mail by foreign air carriers at a universal postal union rate in excess of the rate prescribed for United States carriers; and other services provided in the interests of the public welfare, the costs of which exceed revenues therefrom.

If we consider the cost of those services to be only 10 percent of the gross revenue, instead of the 15 percent which the bill sets forth as the proper amount, then a 4-cent universal postage stamp and the other increases, such as are provided for air mail and second-class mail, would pay the balance of the post office costs.

One thing more, and then I shall close. It is not all profit to the Government, when a 5-cent postage stamp is required. I received a telephonic call from Maurice Stans, the Acting Director of the Bureau of the Budget, in answer to a telegram to him. Mr. Stans said:

On the assumption that your telegraphic request relates to the added postage cost to the Federal Government agencies on their mailings resulting from a 5-cent nonlocal letter rate as compared to a 4-cent rate, our estimate is that the added cost is about \$6 million a year.

The 5-cent rate would not bring in the total profit claimed by the Postmaster General, because \$6 million would go out in the form of additional costs to the Government. The total costs would be even greater. Take the case of the 48 States. It will be found that the cost of sending out income tax blanks for State tax agencies, down to the county tax assessors, would be much greater. The cost would be passed on to every taxpayer.

The cost would be passed on to every customer of a utility which uses the mails for billing. Finally the cost of the 5-cent rate would get back to the taxpayer.

When we are through analyzing the entire situation and considering all the beautiful generalities and all the promises of post offices in every congressional

district, with only 3 years duration for the 5-cent stamp, it will be found that the 4-cent stamp which we are proposing, together with the other increases, would yield about as much hard, cold, net revenue as the 5-cent stamp being proposed by the Republicans.

Mr. LONG. Mr. President, will the Senator yield?

Mr. MONRONEY. I yield.

Mr. LONG. What would be the difference in income to the Government when we calculate the additional revenue which would be received, and take from that the \$6 million of additional cost to which reference is made, and subtract from it the cost of handling the mail of various Government agencies?

Mr. MONRONEY. We should then deduct the cost of other mail, borne by State and local taxation. I have made the assertion that when we consider the cost which finally rests on the general taxpayer, it will be found that in the long run no more net revenue will be produced by the 5-cent rate than would be produced by our 4-cent proposal.

Mr. LONG. Does the Senator make the statement that when we take into consideration the various items, no more revenue would really be produced by having a 5-cent rate for nonlocal delivery?

Mr. MONRONEY. The Postmaster General estimated that his bill would produce \$178 million more than our proposed 4-cent universal stamp. Since his testimony, the 8-cent airmail rate and other increases have been added. We can deduct \$6 million in Federal Government mailing to out-of-town destinations. If we go through the State tax-supported agencies which must use the mail in heavy amounts, we find that the additional burden on them would have to be paid for by taxes. When we come to the utility customers, we find that the cost rests on the user of the utilities. I doubt if we would gain a thin dime by the passage of the Postmaster General's 5-cent bill. Also, as my colleague from Rhode Island [Mr. PASTORE] has so ably pointed out, we would have a nightmare. When we once had a first-class rate of 2 cents locally and 3 cents for out-of-town deliveries, the Post Office Department begged us to institute a universal stamp for first class.

Mr. LAUSCHE. Mr. President, will the Senator from Oklahoma yield?

Mr. MONRONEY. I yield.

Mr. LAUSCHE. I invite the Senator's attention to that part of the bill which declares the future policy.

Mr. MONRONEY. Unless the question has something to do with the difference in first-class rates, I should prefer to discuss it after we dispose of this hard, clear-cut issue of 5 cents versus 4 cents. If the Senator's question relates to the difference between the 5-cent and the 4-cent stamp, I shall be glad to try to answer it.

Mr. LAUSCHE. Let me state my understanding of the declaration of policy, and ask the Senator from Oklahoma whether I am substantially correct.

As I understand, the declaration of policy contemplates throwing certain

walls around the formula for allocating costs, so that in the future, if the Congress should determine that there has been an inequitable allocation of costs, no change could be made in the formula without revocation of the declaration.

Mr. MONRONEY. I do not understand that to be the case.

However, I understand that an amendment has been prepared and will be offered by the very distinguished President pro tempore of the Senate and chairman of the Senate Appropriations Committee, which would modify some of the declarations. I understand and it makes 15 percent chargeable to public services, and provides that the allocation shall be made by the Appropriation Committees of both Houses, after a Budget Bureau recommendation on public service costs. So the situation will be in control of the proper agencies in the Congress to determine what amount should be chargeable to public services and the allocation can be changed each year, as the Congress sees fit.

Mr. LAUSCHE. That is, the amendment would make possible each year a readjustment of the figures reflecting the charge to public services?

Mr. MONRONEY. That is my understanding.

Mr. LAUSCHE. And no policy would be declared to the effect that the allocations which are made in this declaration shall become binding until repealed?

Mr. MONRONEY. That is correct. I think the amendment of the distinguished President pro tempore of the Senate should have the very serious consideration of the Senate. I intend to support the position he takes, because it would leave the final determination, year by year, in the hands of the Appropriation Committees of the two Houses, and their decision would be based upon estimates furnished to them by the Bureau of the Budget.

I thank the Senator for his question, and I yield the floor.

Mr. KNOWLAND. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. JOHNSON of Texas. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER (Mr. DOUGLAS in the chair). Without objection, it is so ordered.

Mr. JOHNSON of Texas. Mr. President, I should like to announce that I hope it will be possible for the Senate to start voting on the pending measure some time today. However, I do not expect to ask the Senate to have any yeand-nay votes after 6:30 this evening.

Mr. CARLSON. Mr. President, I rise in support of the committee bill, as reported by the Committee on Post Office and Civil Service. Despite the fact that my distinguished colleague the Senator from Oklahoma [Mr. MONRONEY] has called it a Republican bill, it is a committee bill. I hope that we will be able to consider this important matter from a nonpartisan viewpoint.

As a matter of fact, every Postmaster General for the past 25 years has urged the modernization of the Post Office Department. Yesterday a telegram was read from the distinguished former Postmaster General, James A. Farley, endorsing the pending measure with respect to postal rates. Last evening I read a telegram from former Postmaster General J. M. Donaldson. It was my privilege to serve as a member of the committee while Mr. Donaldson was the Postmaster General. There was some question as to whether Mr. Donaldson favored the pending legislation. Some question was raised on that score by the chairman of the committee, and by the Senator from Oklahoma. I wish to read a telegram which I received today, so that there will be no question as to where former Postmaster General Donaldson stands on the question:

To clarify my previous telegram I approve the 4-cent permanent rate on first-class mail. It is my understanding that the revenue from the 1 cent additional or the 5 cent temporary rate is to be used for a postal building program which is urgently needed. Congress has not appropriated money for a postal building program in the last 20 years and unless the Congress wants to appropriate several hundred million dollars now for that purpose not chargeable to postal expenditures I favor the 5 cent temporary rate which I think is a better way to raise the money for the purpose intended.

J. M. DONALDSON,
Former Postmaster General.

Mr. MORTON. Mr. President, will the Senator yield?

Mr. CARLSON. I yield.

Mr. MORTON. I believe the Senator from Kansas will agree with me that former Postmaster General Donaldson is a notable figure in at least one respect, in that he was the first Postmaster General, to my knowledge, who was a career man. I served in the House when Mr. Donaldson was virtually running the Post Office Department although he had not yet been made Postmaster General. Certainly no man knows more of the problems of the postal service and the problems of its relationship with the American people, and no man has greater dedication to the service, than Mr. Donaldson. I am very happy that the matter was clarified. I feel sure that his opinion will carry great weight not only with the Members of the Senate, but with the entire Nation.

Mr. MONRONEY. Mr. President, will the Senator yield so that I may clarify the RECORD?

Mr. CARLSON. I yield.

Mr. MONRONEY. I too, am very fond of Mr. Donaldson. I served on the committee when he was Postmaster General. However, I understand that Mr. Donaldson's telegram was based on a building program. I should like to cite the fact that the bill before the Senate has nothing whatever to do with buildings, but only with equipment. At page 543 of the hearings I asked Mr. Summerfield this question:

Senator MONRONEY. I want to compliment you very greatly on some of the designs of modern, factory-type postal buildings instead of the Grecian pseudo-Roman architecture that bedevils the American

scene so much in past public buildings, but this \$175 million that you are talking about, that is only for equipment, is it not?

Mr. SUMMERFIELD. That is right.

Consequently, we have the testimony of Mr. Summerfield that the pending bill has nothing to do with a building program, but has to do only with an equipping program. I am sure Mr. Donaldson is in error when he thinks it involves a building program.

Mr. CARLSON. I regret that my good friend from Oklahoma takes that view, because the Post Office Department estimates that 12,000 new postal facilities, which would be built by private capital under the proposed program, would cost about a third less than if they were built under a public-works program. We have heard a great deal of discussion about the need for public works.

The PRESIDING OFFICER. The Chair must ask Senators and other persons in the Chamber who wish to converse to retire to the cloakroom, in order that the Senate may transact its business.

Mr. CARLSON. Mr. President, I wish to confine myself at this time exclusively to the two provisions in the postal rate increase bill, H. R. 5836, as amended and approved by the Senate Post Office and Civil Service Committee, which, in my opinion, transcend every other provision in importance and in their implications for the future.

I refer to section 202, which provides "for a period of 3 years only" a letter mail rate of 5 cents on out-of-town letters—and title III, which establishes a postal modernization fund, moneys from which shall be used to rehabilitate and to enlarge existing federally owned postal facilities, as well as to undertake the installation of modern mail-handling equipment in new and in existing postal facilities which would be capable of giving the people of this country the modern mail service they have a right to expect.

There are several points which we must remember, Mr. President, before we start to discuss the particulars of this bill.

The first of these is the incontrovertible fact that the Post Office deficit for this year is estimated at about \$700 million—and, that, with impending and badly needed wage increases and other cost increases which will undoubtedly be imposed on the Department's budget—and over which the Department has no control—the postal deficit next year will reach nearly a full billion dollars.

Second, there is nothing historically sacrosanct about the postal deficits. Well-known authorities, such as former Congressman Clyde Kelly and Dr. Jules Bachman have shown conclusively that, if one excludes from the Post Office budget direct subsidies and the cost of public-welfare services authorized by the Congress, the Post Office actually broke even from its inception up until the end of World War II.

Let us keep that in mind. The Post Office Department broke even during all those years. But rising costs and static postage rates have combined to create a cumulative postwar postal deficit of almost \$6 billion, as was mentioned by

the distinguished chairman of the committee yesterday.

Third, the United States postal deficit is unique. It is far larger than the deficits of all the other nations of the free world put together.

Fourth, the United States Post Office, despite the fact that it pays the highest salaries of any postal service in the world and is charged the highest transportation costs, is charging postage rates on letter mail today far lower than any of the 34 major postal systems in the world.

Fifth, the postal facilities of this country are in a state of dynamic obsolescence. They are inadequate for mail needs today, and they will be tragically inadequate tomorrow, unless we do something constructive about it now.

As was brought out in the hearings before our committee, the Post Office Department is now handling 60 billion pieces of mail annually. By 1970 the amount will have risen to about 75 billion pieces of mail. It is absolutely necessary that Congress take some action toward modernizing the Post Office Department.

The proposed legislation under consideration, Mr. President, as approved by the Senate Post Office and Civil Service Committee attacks these chronic postal problems at their very base.

It will bring the postal deficit down to reasonable size. This does not mean it will turn the post office into a money-making concern; there will still remain a deficit, but the bill will keep the deficit within reason.

The bill will give the Post Office Department the means by which it can modernize and rehabilitate its ancient and inadequate facilities, so that it will be able to give the people of this country modern service at less cost to the taxpayer.

Before proceeding further, I want to refute two persistent myths that have grown up around the proposed legislation we are considering.

As concerns the first myth, I say most emphatically this is not a 5-cent postage bill. It is a 4-cent postage bill, with the provision that, for 3 years only—from July 1, 1958, to June 30, 1961—a nickel shall be charged for out-of-town letters only, and that the revenues from that extra penny of postage for such letters shall be placed in the Postal Modernization Fund and used exclusively to meet the extremely urgent emergency caused by our swiftly deteriorating postal facilities. This will provide a fund of \$525 million.

I am firmly convinced that, unless inflationary forces prevail in our economy to a fantastic degree, the postal-modernization program proposed by President Eisenhower and made possible by the 3-year 5-cent rate on out-of-town letters, would create economies in the handling of the mail so significant that on June 30, 1961, when all first-class postage rates will revert to 4 cents, it will still leave the Post Office Department capable of operating without a sizable deficit.

If we fail to meet this challenge courageously, we will create merely a tem-

porary stopgap in the postal deficit problem. Our action would fall tragically short of a permanent solution. It would accomplish very little to improve the postal service, and it would not enable the Postmaster General to accomplish the economies in mail handling which could make continuing monstrous postal deficits—and perennial postage rate debates—as old-fashioned as the covered wagon or the pony express.

As a matter of fact, during the hearings before our committee in the last 2 weeks, we heard a statement from the Prentiss-Hall Corp., which had circularized its constituents, the people who buy their service. Prentiss-Hall stated that if Congress would vote \$700 million for the modernization of the Post Office Department, it would not be necessary to increase the postal rates in any category.

I have been in Congress for some 24 years. I know that Congress will not vote \$700 million for the modernization of the Post Office Department. If it did, I would be frank to admit that the modernization could be accomplished. But we are not going to do it; at least we have not done it. Congress has voted only \$200 million in the past 10 years for the modernization of the Post Office Department. Therefore, I submitted a proposal to the committee, and it was approved by the committee, and it is before the Senate today.

I made the proposal for the very reason that while I was governor of Kansas, buildings were needed for our State educational institutions, mental hospitals, and eleemosynary institutions. As the governor of the State, I was instrumental in having the legislature enact millage taxes on real property in Kansas so as to establish a fund for the construction of those buildings. That happened 8 years ago. I invite Senators to go to Kansas today to see the new buildings which are being provided for our educational, mental, and eleemosynary institutions. Those buildings never would have been constructed on the basis of direct appropriations by the legislature.

That is why I conceived the idea of setting aside a fund of \$175 million for each of 3 years, or \$525 million for the 3-year period.

As to the second myth, the proposed increase in first-class postage rates cannot, by any stretch of the imagination, be correctly labeled as an attempt to place the burden of reducing the postal deficit and rehabilitating the service unfairly on the shoulders of the so-called little man.

We have heard much discussion about the little man and how the 5-cent letter postage would affect him. The exact opposite is the truth. This bill, in effect, protects the little man. The fact is that about 75 percent of all first-class mail is business mail. The Senator from Oklahoma [Mr. MONRONEY] said 80 percent. I agree with him.

But more than 50 percent of all income taxes, the source of the funds which pay the interest on the addition to the national debt caused by the postal deficit, are paid by private individuals.

I might add that the 1955 figures from the United States Treasury show that 91 percent of all personal income taxes were paid by individuals with annual incomes of less than \$8,000.

It is estimated that the bill would cost the average American family only \$2.50 a year in additional postage. By contrast, the average American family's share of the tax burden created by the ever-mounting postal deficit is about \$7.20 a year. That is something to which we should give consideration when we vote on this amendment this afternoon.

I suggest in all sincerity that the proposed postage rate increase would lift some of the financial burden off the shoulders of the sorely tried individual taxpayer and would place more of the burden on those who actually use the mails.

I know, Mr. President, that there are those who say we should attempt to repair the financial condition of the post office by concentrating our postage rate increases on the publishers and business users of third-class mail rather than on the first-class letterwriters.

That has already been brought out in the discussion by the distinguished Senator from Rhode Island [Mr. PASTORE] and other Senators. It is easy to say, "Let us put it on the second-class mail and the third-class mail."

To the Members of the Senate I say: Show how these rates can be increased sufficiently to produce any significant revenue without dealing a deathblow to a sizable and important segment of our economy.

If the increases in second- and third-class rates were voted to the extent that these classes of mail were reasonably close to self-sustaining, who would suffer the most? Not the publishing and direct mailing industries whom we hear so often attacked in these debates. They would have the resources at their command to weather the economic storm somehow, no matter how much of a battering they took. No, Mr. President; the principal sufferers of any unrealistically large increase in these rates would be the same little people whom we want to protect—the small publisher, who is just getting along and hoping to do better in the future; the small-business man, who cannot afford to buy space in the metropolitan daily papers, but who can prosper reasonably by making use of the service afforded by third-class mail; and finally, the consumer, who would pay higher prices for subscriptions and commodities.

We all know first-class mail is long overdue for an increase. It has not been raised since 1932. Since that time postal costs have increased 110 percent.

Because it is the preferred service—the expedited service—the service for which millions of dollars of equipment and facilities exist and which would not exist otherwise, first-class mail has always paid far more than the costs allocated to it.

From 1926 through 1941, for instance, first-class mail, on the average, paid 40.5 percent more than its cost. When, in 1932, the percentage dropped down to a point where first-class mail was paying only 12 percent more than its cost,

an alarmed Congress raised first-class rates from 2 to 3 cents.

But since the end of World War II, skyrocketing costs and static rates have driven that percentage steadily down and down, until today, for the first time in history, first-class mail is failing to pay its own way.

It is not even breaking even; it is losing money.

Without including any cost for preferred service whatsoever, on a straight cost accounting basis first-class mail today is paying only 97 percent of its allocated costs.

The proposed legislation we are considering today will not only restore first-class mail to its rightful and historic place in the postal rate structure; it will also reduce the postal budget to manageable proportions; it will help to pay for a badly needed postal pay raise; and, above all, it will provide the means by which we can modernize the postal service and give the people of this country a finer postal service at less cost.

So much, Mr. President, for the myths surrounding this legislation. I shall now speak about solid facts—the need for new equipment and new postal facilities.

Here is the problem that faces the postal service—not simply the postal service in this administration, but in the administrations in the immediate past, and, unless we approve the proposed legislation before the Senate today, any administration in the future. I know personally, from 25 years of experience, that administrations in the future will face the same problem unless Congress takes action.

The average age of the average postal facility in the United States is somewhere near 50 years.

Postmaster General Summerfield has pointed out time after time that we cannot expect 20th century service from 19th century post offices and facilities.

That is not only true now; it is becoming more tragically true with the passing of each year.

Many, many of our postal facilities today not only are obsolete and incapable of being modernized, but are pitifully overcrowded. In this, the strongest and wealthiest country in the world, we still have some post offices where the mail must be stored—and even worked—outside, on the sidewalks, because there is no room inside the buildings.

The mail volume which our post offices must handle this fiscal year is estimated at 61 billion pieces—more than the mail of all the rest of the free world put together. But the increase in mail volume for this year, over last year—just 1 year's increase—could run as high as 3 billion pieces. This increase of 1 year alone is equal to the entire mail volume of Holland, and is equal to one-third of the entire mail volume of France, and to one-sixth of the entire mail volume of England.

The Bureau of the Census has estimated that, as the population increases and as the per capita use of the mails increases, the time will not be long in coming when the Post Office will not be able to recruit a sufficient work force to handle the volume of mail, unless we do something constructive about it now.

The Bureau of the Census has estimated that this chaotic condition could occur by 1990, and that unless we do something about it, the Post Office Department will not then be able to handle the mail.

From my own personal observations I feel that the point of no return would be reached far sooner than that. I personally and sincerely believe, Mr. President, that, considering the conditions under which our postal employees must work, there is cause for every American citizen to give thanks for the dedication and the ingenuity of every single one of our 500,000 postal employees—the postmasters, the supervisors, the carriers, the clerks, the PTS employees, the mail handlers, and all the rest.

Too many of our postal facilities all over the country were built as public monuments to whichever administration happened to be in power at the time, and only as an afterthought was any consideration given to the efficient handling and dispatch of the mails. These stately memorials to civic pride are usually multistoried affairs, with awkward and unnecessary steps leading up to the entrances. Their lobbies are antique, and are inadequate for the services of the public. In some post offices the working conditions would not be tolerated in the jute mill of a maximum-security penitentiary.

They are badly lighted, badly ventilated, and overcrowded. From an operational point of view, they have inadequate tailgate space for trucks, and inadequate parking space for both Government vehicles and the vehicles of the patrons. Such antique edifices as these—and they are all too typical—could not possibly house the modern conveyor systems and other equipment which could bring to the postal service a degree of automation and efficient and more economical handling of the mail. Too often they stand in exactly the wrong locality—right in the busiest section of the downtown area, so that trucks carrying the mails to and from the airports or railroad terminals must waste hours of precious time battling the modern monster of metropolitan life—downtown traffic.

On top of all this, these gloomy and inadequate civic temples are ridiculously expensive to operate.

I should like to cite some pertinent figures.

During the past few years, I have had the privilege of visiting many of the post offices. In view of the lighting facilities available in many of them, I am unable to understand how many of the employees can even handle the mail. Certainly modernization throughout the entire Department is greatly needed. If the Congress votes for the proposed 1-cent increase in the rate for 3 years, and if that increase is enacted into law, the Post Office Department estimates that the 12,000 new postal facilities which will be built by private capital under this program, will cost about one-third less than the cost if they were built under public works.

I do not believe that any Member of the Senate believes the Congress will vote the funds required for the building

of 12,000 new post office facilities. In 1938, I was a Member of the House of Representatives. At that time the last postal construction funds were voted by the Congress. Not a new building for the Post Office Department has been constructed since then. As a matter of fact, as a matter of a minor political patronage, one new post office building used to be allowed each year in each congressional district. But Congress stopped that in 1938, and it has not been done since then.

The annual costs on typical leased postal buildings are 80 cents a square foot, as compared with \$1.30 a square foot a year on Government-owned buildings.

In addition, new, modern leased buildings, since they are designed specifically to handle the mail, and not as civic memorials, provide far more space per square foot of construction. Eighty to eighty-five percent of all space in the new leased buildings is usable, whereas only 55 to 60 percent of the space in the old Government-owned buildings is usable.

All this adds up to the fact that this program will enable the Post Office to give more service for less money, and it will give the Post Office more space for less money.

The Post Office Department under the administration of Postmaster General Summerfield has done remarkably well, with the limited means at its disposal to modernize facilities. But the means at the disposal of the Department have been so pitifully small that the administration has been limited to making improvements only where conditions were so bad that adequate service was impossible, where even reasonably modern working conditions were unobtainable, and where public opinion was becoming clamorous and indignant.

Here is the box score on the administration's postal building program to date:

Since January 1953, 2,000 new buildings, built to Department specifications by private capital and valued at \$100 million have been leased.

But, Mr. President, this program, admirable as it is, is merely the equivalent of stamping out grass fires while an entire forest is being consumed by a raging holocaust. Furthermore, it is useless to have new buildings if new and modern automatic or electronic equipment is not installed in them.

The immediate need, as estimated by the Post Office Department, and which can be handled by the 3-year program through the postal modernization fund provided for in this bill, is for the rehabilitation, enlargement, and replacement of 2,500 Government-owned post office buildings and the replacement or remodeling of 12,000 leased buildings, and, of course, the installation of the all-important modern mail-handling equipment which is absolutely essential if the Post Office Department is to approach the attainment of its objective.

This can be done through the use of \$175 million a year for the next 3 years, which equals the additional revenues provided by the extra penny to be

charged on out-of-town letters, plus the expenditure of approximately \$2 billion of private capital for the construction of new, adequate, modern facilities according to post office specifications.

Remember, Mr. President, this program will involve the expenditure of \$4 of private capital for every \$1 of Federal funds.

It is a program which—if we approve it—can be thrown into high gear within 60 days.

Mr. President, I have heard Senators say that they wish some public works could be inaugurated immediately in certain areas of the Nation. Here we have an opportunity to get public works under way in every State of the Union within 60 days, and the work will be done with private capital.

This program will result in greatly improved mail service.

It will provide permanent, productive income for each community involved.

It will provide modern, comfortable working conditions for thousands upon thousands of our loyal postal employees.

It will, in many cases, contribute to the welfare of our communities, since privately owned facilities will produce local taxes, whereas Government-owned facilities do not.

It will lower mail-handling costs and, eventually, will effect enormous post-office economies.

Mr. President, some will argue that this entire program should be paid for out of direct congressional appropriations, thus adding to the already staggering national debt.

In answer to that, I should like to ask: If this were the case, where would the money be coming from, and who would provide such funds?

In the face of the unsettled international situation and the need for the strongest conceivable national defense, does anyone really believe that we can afford to add to the grotesque and rapidly growing postal deficit of today the \$525 million of direct appropriations which this program would require?

Does anyone really believe that we, as a nation, should tolerate a postal deficit which would add almost \$1 billion each year to the national debt—almost as much as the President is asking for his entire missile program for next year?

If the money were made available by direct appropriations, who would bear the brunt of the added imposition? We know who: the taxpayer. The little, individual, hard-working, sorely pressed taxpayer would bear the brunt, whether he used the mail constantly, occasionally, or not at all.

It is easy, but fallacious, to confuse the taxpayers with the actual users of the mails. Mr. President, it is true that they are often the same individuals, since almost everyone pays Federal income taxes, and almost everyone uses the mail service at some time or other. But there is a very great difference in the amount of use of the mails by individuals. I stated earlier, and I repeat, that the average American family will pay only 20 cents a month in additional postage if the bill as recommended by the committee is enacted into law.

Mr. NEUBERGER. Mr. President, will the Senator from Kansas yield to me?

Mr. CARLSON. I am glad to yield.

Mr. NEUBERGER. I should like to compliment the Senator from Kansas on the speech he is making. It is a great pleasure to serve on the committee with the able Senator from Kansas, who has had such long experience with Post Office Department matters.

Inasmuch as the Senator from Kansas has said that the taxpayers of the country will be called upon to make up any Post Office deficit, be it large or be it small, I should like to ask him several questions.

I wonder whether he had an opportunity to notice the chart received from the Treasury Department, which I had included in the CONGRESSIONAL RECORD of yesterday, February 25. That chart shows that about 70 percent of the income taxes of the Nation are collected from taxpayers in the two lowest income-tax brackets, that is, those who make about \$4,000 a year.

Is that not a demonstration that a very substantial segment of any postal deficit will be paid for by the working people and the small farmers of America, who largely comprise the lower-income-tax brackets?

Mr. CARLSON. That is a correct statement. I stated a short time ago that 91 percent of all the personal income taxes are paid by individuals who have annual incomes of less than \$8,000. It is estimated that if the bill as reported by the committee should be enacted, it would result in direct mail cost to the average American family of only \$2.50, but if we pay the losses out of the Treasury and do not pay off the deficit, it will cost each family \$7.20.

Mr. NEUBERGER. The \$7.20 will in no way be related to how greatly the family draws on the mail service, but will merely be collected from them, willy-nilly, without any relationship to what they receive in return. Is that correct?

Mr. CARLSON. That is correct.

Mr. KNOWLAND. Mr. President, will the Senator yield?

Mr. CARLSON. I yield to the Senator from California.

Mr. KNOWLAND. I am sure the distinguished Senator from Kansas is familiar with the figures, I have before me, and I should like to have his permission to put into the RECORD a list of 34 countries which have postal rates for first class mail greater than five cents. Included in the list are both large and small countries. Austria has a rate of 5.8 cents. Canada has a rate of 5 cents. France has a rate of 5.7 cents. Greece has a rate of 6.5 cents. Israel has a rate of 5.6 cents. Sweden has a rate of 5.8 cents.

The rates are converted into cents from the foreign currency equivalents. The foreign money has been converted at the exchange rates shown in the table of equivalents published by the International Bureau of the Universal Postal Union. I think it might help if this list could go into the RECORD at this point.

Mr. CARLSON. I appreciate very much the observation of the Senator

from California, and I trust the Senate will grant permission to have the list included in the RECORD.

The PRESIDING OFFICER. Is there objection?

There being no objection, the list was ordered to be printed in the RECORD, as follows:

Thirty-four countries having a domestic nonlocal letter rate of 5 cents or more for the 1st unit of weight

Country:	Rate (cents)
1. Albania.....	5.0
2. Austria.....	5.8
3. Belgium Congo.....	6.0
4. Belgium.....	5.0
5. Canada.....	5.0
6. Czechoslovakia.....	8.3
7. Dominican Republic.....	7.0
8. Ecuador.....	5.3
9. Eritrea.....	10.0
10. Ethiopia.....	6.0
11. Finland.....	10.9
12. France.....	5.7
13. French Cameroons.....	8.5
14. French Equatorial Africa.....	5.7
15. French Guiana.....	5.7
16. French Somaliland.....	7.0
17. French Togoland.....	8.5
18. French West Africa.....	8.6
19. Germany (East).....	10.8
20. Greece.....	6.5
21. Guadeloupe.....	5.7
22. Iceland.....	10.7
23. Israel.....	5.6
24. Laos.....	5.7
25. Lebanon.....	5.7
26. Madagascar.....	6.8
27. Martinique.....	5.7
28. Morocco.....	5.8
29. Netherlands New Guinea.....	6.6
30. Reunion.....	5.7
31. Sweden.....	5.8
32. Tunis.....	5.8
33. Turkey.....	7.1
34. Uruguay.....	5.3

Foreign money converted at the exchange rates shown in the table of equivalents published by the International Bureau of the Universal Postal Union.

Mr. CARLSON. I think that is an important statement.

Mr. KNOWLAND. I thank the Senator.

Mr. CARLSON. I stated earlier there were 34 countries in which the rates were higher than our own. We have a very low rate.

Mr. LANGER. Mr. President, will the Senator yield?

Mr. CARLSON. I yield to the Senator from North Dakota.

Mr. LANGER. Is it not true that if the postal rate is increased, a utility corporation, for example, will simply pass the increased postal cost on to the consumer, and the people will have to pay the increased costs, anyway?

Mr. CARLSON. I have observed that when I get my bills from the utility companies they usually send them out on postal cards. They are very good business men. The cost of postage is a tax-deductible item.

Mr. LANGER. In other words, if merchants who handle goods are going to pay additional postage costs, they will add that additional cost to the cost of goods, will they not?

Mr. CARLSON. It is a deductible item in a utility company's cost of doing business, and that applies to any other corporation.

Mr. LANGER. And the additional cost of the postage will be paid by the people.

Mr. CARLSON. But I do not think the cost will be distributed quite the same as it would be if the deficit were paid for by income taxes. I think the record definitely shows that it would cost the average citizen more if he paid for the deficit through income taxes than through postage.

Mr. NEUBERGER. Mr. President, will the Senator yield?

Mr. CARLSON. I yield.

Mr. NEUBERGER. Is not the answer to the very valid point made by the Senator from North Dakota essentially this: One has some choice as to whether he wants to buy the goods and services of a corporation which is paying a higher postal rate. If one buys the goods or services he may then share in the increased postal rate which the company passes on; but, by contrast, if the United States Government merely continues to build up a huge post office deficit each year, one has to contribute to that deficit through his personal income tax and other Federal taxes, whether he wishes to do so or not. That cost is arbitrarily exacted from a citizen when he pays his taxes, and he has no discretion or choice in the matter. Is that correct?

Mr. CARLSON. I think the Senator is correct. One has a choice when he pays additional postal rates, whereas he has no choice if he pays through income taxes.

Mr. LANGER. Mr. President, will the Senator yield?

Mr. CARLSON. I yield to the Senator from North Dakota.

Mr. LANGER. Using again the term used by the Senator from Oregon, if a farmer needs a pair of overalls or shoes, willy-nilly he has to have them, whatever the charge may be.

Mr. CARLSON. I will say overalls are a very important charge to the operations of a farm. I have used a good many of them myself.

Mr. PROXMIRE. Mr. President, will the Senator yield?

Mr. CARLSON. I yield to the Senator from Wisconsin.

Mr. PROXMIRE. Along the line of the colloquy engaged in by the Senator from North Dakota and the Senator from Kansas, I think the Senator from North Dakota has made a good point, and I should like to nail it down. The point is that when we add to the cost of postage the people have to pay the additional cost. We read in the newspapers that the cost of living has had its greatest increase in the past 18 months. The Senator from North Dakota has made a good point. Of course, this cost will not be charged directly to postage users, but it will be charged to the people indirectly. The businesses will increase their charges. They will have to do it in order to stay in business.

Mr. CARLSON. I have never said the cost of postage is not a deductible item. It is a business expense, and will be charged to items of production. If we follow the argument the Senator has just made, we would reduce postal rates today.

Mr. PROXMIRE. I simply conclude by saying I support the statement made by the Senator from North Dakota, that we will not give the people a choice, that business will reflect the increased cost of postage in the prices of its goods which American citizens have to buy, such as clothing, food, and other essential items.

Mr. NEUBERGER. Mr. President, will the Senator yield?

Mr. CARLSON. I yield.

Mr. NEUBERGER. I do not desire to interrupt the Senator's statement further, but I should like to ask one additional question.

The point has been made on this side of the aisle that increasing postal rates is unwise at this time, because it will merely add to the cost of doing business, and that the added cost will be passed on to the consumer. Is it not true that Senators on this side of the aisle supported very substantial rate increases in the postal costs of second-class users and third-class users of the mail when that issue was before the committee a few days ago?

Mr. CARLSON. The Senator from Oregon is absolutely correct; not only that, but increases were proposed in second-, third-, and fourth-class rates.

Mr. NEUBERGER. Is it not true that the second-class, third-class, and fourth-class rate increases will likewise be passed on to the consumers, and therefore will contribute, as has been claimed on this side of the aisle, to increasing the cost of living? So if the point made on this side of the aisle is to be sustained, then my very able colleagues, to be consistent, should oppose increases for second-, third-, and fourth-class users of the mail, because otherwise they would be subjected to the same criticism that has been made as to first-class rates.

Mr. CARLSON. Mr. President, the fair, the equitable, the honest way to finance this desperately needed postal modernization program is by charging in strict proportion those who actually use the mails.

There is yet another advantage to the proposal to establish a Postal Modernization Fund, as recommended by the committee. During the past several years, appropriations for the Post Office Department have included substantial sums for research and capital modernization.

For example, this year an amount of \$74 million is included in the Department's budget. When we approve this modernization provision, such an appropriation will not be necessary for the next several years. That will amount to a savings in Federal expenditure of about \$225 million during the next 3 years.

The sum appropriated for such purpose in 1957 was \$43 million. In 1956 it was \$23 million; in 1955 it was \$28 million; in 1954, \$22 million; in 1953, \$16 million; in 1952, \$24 million; in 1951, \$21 million; in 1950, \$14 million; and in 1949, \$13 million.

The total amounts to \$204 million over a period of 10 years.

I should like to add just one more point to my presentation of this argument, Mr. President. It is perhaps more gen-

eral than some of the points I have made, but I feel it is nonetheless equally valid.

We have seen how our postal service today groans under a deficit unique in the free world—a \$700 million deficit—simply because we are continuing to charge 1932 prices, while economic conditions compel the Department to pay 1958 costs.

We have seen how lack of funds has imposed on postal facilities a condition of dynamic obsolescence, a condition which could become chaotic unless drastic steps are taken today.

We have seen how this postal-rate bill, as amended and approved by the committee, will not only reduce that deficit and improve immeasurably the facilities in which our postal employees must work and move the mails, but will perform this important dual function through funds provided, not by the overburdened taxpayer, but by the persons who actually use the mails and make their livelihood through the mails, and that the funds will be provided by them in direct proportion to their use of the mail.

So, well and good, but there is one additional point, Mr. President, which I should like to have considered.

At this moment in our history the free half of the world looks to us with confidence as the strongest bulwark of liberty exemplifying the greatest spiritual and material progress on earth.

The other half of the world, the half which resides in those bleak compounds of slavery behind the Iron Curtain, is constantly attempting to tear that concept to shreds.

Our postal, the greatest system of intimate communication ever devised by the mind of man, is one of the few truly significant symbols and manifestations of our kind of liberty, our kind of progress.

We have allowed this system of communications, which should be an inspiration to free men everywhere, to become somewhat more than shopworn. We have allowed it to drift aimlessly in the direction of a complete breakdown.

Today we have the golden opportunity to reverse this trend.

Today, if we approve this postal-rate bill as amended and reported out of committee, we can, together, make the greatest forward step of the century in postal progress.

By approving the 4-cent local and 5-cent out-of-town rate, with the provision that the 5-cent rate remain in effect for 3 years only, and that the revenues derived therefrom be placed in the postal modernization fund, we can make certain that the people of this country will have a postal service second to none in the world, one that is the envy of free men everywhere and the despair of totalitarian governments.

We can take the step today that will make permanent, constructive, postal history.

Mr. President, I hope with all my heart, that we have the courage and the vision to take that step.

Mr. President, earlier in the discussion this afternoon several Senators entered into a colloquy with the distinguished Senator from Rhode Island [Mr. Pas-

TORE] with regard to what had been testified before our committee by the postmasters. I was present when the postmasters testified. They were very outstanding postmasters. Four were present. I believe their total combined years of service was 100, if I remember correctly, and they included such a distinguished postmaster as Roy North, of Washington, District of Columbia, though I do not presently remember the names of the others.

I have in my hand a telegram which I desire to read:

In order to clarify the position of the National Association of Postmasters of the United States representing over 91 percent of all postmasters in the Nation, please be advised that at the time our representatives testified before the Senate Post Office and Civil Service Committee on postal rates early this month, we had not been apprised of the new definition of "local letters" advanced by the Postmaster General.

The new definition which would apply the local letter rate to urbanized areas in our opinion is practicable and workable. It represents a tremendous advance over the definition of "local matters" which existed from 1932 to 1944.

The average citizen under the new definition in our opinion would have no difficulty whatever in determining what is and what is not local mail. Therefore the postmasters strongly endorse the proposed letter rate increase in H. R. 5836 which is 4 cents for local letters and 5 cents for nonlocal.

CHARLES E. PUSKAR,
Executive Secretary-Treasurer, National Association of Postmasters of the United States.

Mr. JOHNSTON of South Carolina. Mr. President, will the Senator yield?

Mr. CARLSON. I yield.

Mr. JOHNSTON of South Carolina. The Senator from Kansas will remember that the postmasters testified before the committee prior to the time their commander in chief, the Postmaster General, expressed himself in respect to the 5-cent rate. Is that a correct statement?

Mr. CARLSON. They testified before the Postmaster General testified.

Mr. JOHNSTON of South Carolina. The Senator will recall that the matter of the split rate came up, and each one of the postmasters who was asked about the question said the split rate would be very hard to handle.

Mr. CARLSON. The Senator is correct. I am one of the Senators who interrogated the postmasters on that very point, as can be found from an examination of the hearings of the committee.

Again I say, as I stated earlier, that under the new proposal in the bill, with administrative authority given to the Postmaster General, there should be no difficulty as to this problem.

Mr. President, I yield the floor.

Mr. CHURCH. Mr. President, I think I should speak briefly this afternoon in support of the amendment which the Senator from Oklahoma [Mr. MONROE] has offered, which I am privileged to cosponsor with him, to strike from the pending bill the provision for a nickel stamp.

I shall not speak from a prepared text, and I shall not speak at length, because I think the matter has been well debated thus far in the Chamber and because I have already expressed myself; perhaps

too vehemently, late yesterday afternoon, in a discussion of this question, and my views were set forth at considerable length at that time.

I wish to say, Mr. President, that I think all of us recognize we must increase postage rates. The pending bill, entirely apart from the nickel stamp provision, will increase postal rates by a very large amount of money. We recognize we must increase postage rates, because if we are to be responsible we must reduce the huge Post Office Department deficit. We must make some accommodation for the pay raises which we are about to vote, in all probability, in this Chamber. Finally, I think all of us recognize the need for a modernization program in the Post Office Department.

The question, then, Mr. President, is not whether we shall increase postage rates. The question rather is how we can increase the rates in a way which will be most fair.

The PRESIDING OFFICER. There is an undercurrent of conversation in the Chamber. The Members of the Senate will cease conversing, or retire to the cloakrooms.

The Senator from Idaho may proceed.

Mr. CHURCH. It was with an obvious intent to face up to that question and find an answer to it that the Post Office and Civil Service Committee has for several years endeavored to formulate a postal policy.

I do not come to the Chamber this afternoon to question the postal policy which is contained in the bill. That represents the culmination of serious and studied effort of the Post Office and Civil Service Committee over a span of years. The purpose of that postal policy, simply stated, is to establish a yardstick by which we can determine how to ascertain what is the fair postage rate for each class of mail.

Mr. President, I know of no one who has spoken thus far—I know of no member of the committee—who has questioned the fact that the Post Office Department renders many services which are strictly public welfare services, quite unconnected with the interests of those who use the post office service. I know of no one who has disputed the contention that with respect to these public welfare services it is proper to look to the taxpayers at large rather than to those who buy the postage stamps.

If we can establish what is a fair measure of the public welfare service rendered each year by the Post Office Department, then we can make up the balance of the cost of operating the Post Office Department with postage rates, and then we can address ourselves to the question of how the postage rates should be allocated as among the various classes of mail.

Mr. President, I respectfully invite the attention of Senators to the fact that the bill contains such a postal policy. On page 31 of the committee print the statement is made by the committee, at line 13, as follows:

There is hereby authorized to be appropriated to the revenues of the Post Office Department for each fiscal year from any money in the Treasury not otherwise appropriated an amount, which shall be deemed

to be attributable to the public services enumerated under subsection (a) of this section, equal to 15 percent of the total estimated expenditures of the Post Office Department for such year.

In sum, Mr. President, the Committee on Post Office and Civil Service has determined that the public welfare services account for 15 percent of the total operating cost of the Post Office Department each year, and that with respect to these services it is equitable and fair the costs should be borne not by those who buy postage stamps but by the taxpayers at large.

Oddly enough, Mr. President, the bill we are considering today, which contains for the first time this very postal policy, also contains a schedule of postage rates which contradicts the policy.

It seems to me ironical, indeed, that after these several years of serious study the committee should formulate a postal policy and include it in this bill, and the Senate should solemnly endorse and approve it, and at the same time, adopt, within the framework of the same bill, a schedule of rates which is in clear conflict with the very policy which the Senate approves.

Let us examine the schedule of rates contained in the pending bill, in order that I may substantiate this point. If we consider all the rates in the bill, including the nickel stamp, we find that the bill would produce additional revenues which would result in a net surplus to the Post Office Department, over total adjusted costs for 1956, of approximately \$150 million. In other words, if we subtract the total in column 6 in the committee report from column 5, the increased rates provided in the bill would produce a net operating surplus of approximately \$150 million over the adjusted cost of handling this very mail, based upon the 1956 figures of the Department.

It is true that those figures do not reflect the increased pay which this body may very likely approve, so it would be unfair to examine these figures without taking into consideration such additional increase. But even if we include the committee's pay bill, we find that the rates contained in this schedule, and presently a part of the bill, would still come within \$170 million of paying the entire cost of carrying the mails, after we had taken into consideration the increased pay.

I make this point because I wish to emphasize, so that all may understand, that we can strike the nickel stamp, and we can establish a 4-cent rate uniformly for first-class mail, and we can adopt the other substantial increases contained in this rate schedule, and we shall still raise enough additional money to bring the total revenues within the postal policy, as declared in the bill itself.

Indeed, we would bring those revenues up so much as to come well within the 15 percent which the committee has allocated to the taxpayers at large to account for the general public welfare services rendered by the Post Office Department. So the nickel stamp is not needed to implement the postal policy contained in the bill. As I say, that

policy was reached only after long, reflective, and concentrated study over a period of several years by the Committee on Post Office and Civil Service.

With this in mind, it seems to me that what the Senate must do this afternoon is to ascertain what kind of rates would be fair for each class of mail. That is a difficult question, over which I must say the committee has struggled most conscientiously. When the Postmaster General first came before us he was using a bookkeeping system which had long been used by the Post Office Department and had long been the basis of analysis and appraisal by the Committee on Post Office and Civil Service. That was the system of allocated costs. Using that system, the Postmaster General testified that last year first-class mail, at current rates, paid for 97 percent of its way; that air mail, based upon current rates, paid 100 percent of its way; that second-class mail paid 21 percent of its way; and that third-class mail paid 54 percent of its way. Those were the figures we were first given when these proposals were made to us and the committee first undertook to study the House bill.

Frankly, those percentages did not make out a very convincing case for the nickel stamp. So very recently the Post Office Department has come forward with an entirely new set of figures, based upon an entirely new method of bookkeeping, a method which has sprung full-blown, so to speak, from the brow of Zeus. Within a very few days we are asked to accept this new bookkeeping system and to base all our calculations and appraisals upon it.

I think it is well known to the Members of this body that we legislate under great difficulties. I think it is undisputed that we necessarily depend to a great degree upon information furnished us by the Departments of Government downtown. I know that I cannot cope with the serious and intricate questions which arise when we try to find our way through the jungle of bookkeeping which necessarily exists in the Post Office Department. I must take what the Post Office Department tells me largely on faith. My staff is inadequate to cope with that kind of problem, and is largely concerned—and necessarily so—with the routine problems with which I must deal in serving my constituents.

So we legislate at a great disadvantage, particularly since the Federal Government has become so large, and the problems upon which we must pass have become so complex. We have an excellent example of this very thing in the pending bill. An entirely new bookkeeping system is presented to us by the Post Office Department, and we must accept it largely on faith. We find, when we accept this new bookkeeping system, turning to page 4 of the committee report, that suddenly the Post Office Department is no longer operating second-class mail at a loss of \$269 million a year, but rather, according to the new system, it is operating second-class mail at a loss of \$102 million a year.

With respect to third-class mail, we find that the deficit has suddenly dropped from \$234 million to \$109 mil-

lion. Most astonishing of all, we find that first-class mail, which, 2 or 3 weeks ago, we were told was being carried at a deficit of approximately \$29 million, is now being carried at a deficit of more than 10 times that amount.

In that way the new figures, based upon the new bookkeeping system, conveniently justify the proposal being made by the Postmaster General.

Mr. LONG. Mr. President, will the Senator yield?

Mr. CHURCH. I yield.

Mr. LONG. I regret that I have not had an opportunity to follow the subject as closely as I would like to follow it. At one time I served on the Committee on Post Office and Civil Service. At that time I believe the system used was the first system referred to by the Senator from Idaho. Am I to understand that the Postmaster General has now brought in a new measure or a new method of appraising costs, and that whereas his previous estimate, based upon the system which was used when I was a member of the committee, showed a loss of \$29 million for first-class mail, he now says that he has started calculating the losses under a new system and that under that new system the loss is 10 times as great?

Mr. CHURCH. The Senator from Louisiana is correct.

Mr. LONG. Can the Senator tell me briefly by what standard the Postmaster General estimates the loss to be 10 times what he previously estimated it to be?

Mr. CHURCH. I can only say to the Senator from Louisiana that the purpose of the new bookkeeping system is to reflect the factors which relate to the preferential treatment that is given to first-class mail, with the objective of adding an additional increment of cost to first-class mail, and with the additional objective of deducting, owing to the deferred treatment given second- and third-class mail, an amount which is supposed to resemble a fair proportion that should be deducted from each of those classes.

That is the objective. Let me make it clear to my good and amiable friend from Louisiana that I do not object to the objective of the new bookkeeping system. I will agree that it might very well be an improvement over the old bookkeeping system. All I am saying is that we must take the figures on faith, and that the new figures are suddenly furnished to us right on the threshold of passing upon the pending legislation.

I make the point only because I believe it indicates the extent to which we must depend upon the executive branch of the Government in dealing with intricate schedules of figures. I believe that our only alternative and our only answer is to let the judgment of the heart and good commonsense prevail wherever we can, and not read too much meaning into the figures which are supplied to us to justify a case the administration wants to make.

Mr. LONG. Mr. President, will the Senator yield further?

Mr. CHURCH. I yield.

Mr. LONG. Then would it be fair to conclude from the Senator's argument that the figures could be juggled in a way to make the first-class loss even

greater than the Postmaster General has estimated it, or, on the other hand, much less?

Mr. CHURCH. I may say to my friend from Louisiana that of course that could be done. I would prefer to believe, however, that the Postmaster General has acted in complete good faith and that he has made an honest effort to ascertain accurately the amount of money which ought to be added to first-class mail for the preferential treatment that is accorded it, and the amount which should be deducted from second- and third-class mail to account for the deferred treatment given those classes of mail.

The objection I have is that we ought not to put too much faith in these figures until we have had a fair opportunity to understand the new system and the ingredients contained in it. I believe it is inopportune to rely too heavily upon a new system of figures suddenly given to us, just at the time when we are asked to pass upon this important rate bill.

Mr. LONG. Mr. President, will the Senator yield for one further question?

Mr. CHURCH. I yield.

Mr. LONG. At the time the Postmaster General first testified before the committee, did he testify that the loss on first-class mail would be \$29 million or \$200 million?

Mr. CHURCH. At the time the Postmaster General first testified, he was using the bookkeeping system which is commonly referred to as the system of allocated costs. Based on that system, he testified that the first-class mail was paying 97 percent of its way and that airmail was paying 100 percent of its way.

Mr. LONG. How much did he say first-class mail was losing at that point?

Mr. CHURCH. Approximately \$29 million, as I recall.

Mr. LONG. How much does he say first-class mail is losing now?

Mr. CHURCH. He stated, if I understand the Senator's question correctly,

that last year, on the basis of allocated costs, first-class mail was losing approximately \$29 million, and that it was paying approximately 97 percent of its way with a 3-cent stamp.

Mr. LONG. How much does he estimate the loss to be now?

Mr. CHURCH. On the basis of the new system of allocating costs, he says that the deficit for first-class mail is not \$29 million but \$329 million.

Mr. LONG. Can the Senator tell me what will be the difference in revenue between a 5-cent stamp and a 4-cent stamp?

Mr. CHURCH. The difference in revenue between a 5-cent stamp and a uniform 4-cent rate, according to the best figures that I can obtain, will be about \$170 million.

Mr. LONG. How much would the 4-cent rate bring in additional revenue?

Mr. CHURCH. The 4-cent rate, if established uniformly, would bring in enough additional revenue to make up the entire amount the Postmaster General says first-class mail is losing, based on his new system of bookkeeping, and, in addition, turn in a net surplus of over \$25 million.

Mr. LONG. How much money would that be?

Mr. CHURCH. That would be approximately \$350 million. I should like to check that figure to be sure.

Mr. LONG. If I understand the Senator correctly, the Postmaster General first said that first-class mail was losing \$29 million, and the committee then agreed to give him on first-class mail an extra \$350 million; that then he returned to the committee with new figures, showing that the loss on the first-class mail is over \$200 million no matter which figure is used; and that the committee is now proposing to give him a great deal more money than is necessary for first-class mail to pay its own way. Is that correct?

Mr. CHURCH. The Senator has stated it very clearly. We can take the new

system and close our eyes to the fact that it was introduced only within the past few days, and measure the bill on the basis of the new system, and we still do not have placed before us a good case for the nickel stamp. I say that because even if we accept the Postmaster General's figures and even if we base those figures on his new method of apportioning costs, the 4-cent stamp is still sufficient to pay the entire cost of the first-class mail, giving it all the preferential treatment that it requires, and at the same time return a net surplus to the Post Office Department in excess of \$25 million.

Mr. JOHNSTON of South Carolina. Mr. President, will the Senator yield?

The PRESIDING OFFICER (Mr. MORSE in the chair). Does the Senator from Idaho yield to the Senator from South Carolina?

Mr. CHURCH. I yield.

Mr. JOHNSTON of South Carolina. I hold in my hand table 100, entitled "Summary of Allocations of Revenues and Costs to Classes of Mail and Services, Fiscal Year 1956." The revenue figures are shown for 1956. They will be slightly higher this year and we hope they will certainly be higher next year and in the years to come. The 3-cent first-class postage rate brought in \$1,013,678,916 in 1956. That is for first-class mail. In 1957 that figure will be larger, of course, and it will be still larger in 1958, I hope.

I believe it would be well if the entire table were placed in the RECORD. It shows the amount of money which has been collected for first-, second-, third-, and fourth-class mail. I wonder whether the Senator from Idaho would care to put the table in the RECORD.

Mr. CHURCH. I ask unanimous consent that the table be printed in the RECORD at this point.

There being no objection, the table was ordered to be printed in the RECORD, as follows:

TABLE 100.—Summary of allocations of revenues and costs to classes of mail and services, with computations necessary to reflect factors not carried in Post Office Department accounts, fiscal year 1956

Class of mail or service	Total revenues	Allocated budgetary expenditures	Nonbudgetary cost or revenue additions			Year-end excess (+) or deficiency (—) (cols. 1-2-3+4-5)	Estimated reallocation of costs for intangible factors ⁴	Adjusted costs for revenue requirements	Deficiency in revenues ⁵
			Costs paid by other Government agencies ¹	Public service revenue or cost factors (credit) ²	Increased costs not wholly reflected ³				
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
1st-class mail ⁶	\$1,013,678,916	\$978,013,941	\$55,797,003	-----	\$9,732,698	—\$29,864,726	+\$316,305,667	\$1,359,849,309	\$346,170,393
Domestic airmail ⁷	150,938,105	127,513,988	4,809,027	-----	799,183	+17,815,907	+32,392,951	165,515,149	14,577,044
2d-class mail ⁸	65,890,784	318,412,212	17,051,219	\$3,102,000	2,739,431	—269,210,078	—167,550,431	167,550,431	101,659,647
Controlled circulation publications	5,713,253	7,708,000	413,808	-----	67,794	—2,476,349	—2,047,401	6,142,201	428,948
3d-class mail	266,019,592	471,914,026	28,863,243	5,989,829	4,744,124	—233,511,972	—124,882,891	374,648,673	108,629,081
4th-class mail ⁸	592,814,842	607,911,107	29,634,251	14,977,707	3,695,297	—33,448,106	-----	626,262,948	33,448,106
Total prepaid domestic mail	2,095,055,492	2,511,473,274	136,568,551	24,069,536	21,778,527	—550,695,324	+54,217,895	2,699,968,711	604,943,219
Government mail:									
Penalty mail, other departments	32,426,000	32,494,378	1,741,918	1,013,000	307,544	—1,104,840	-----	33,530,840	1,104,840
Registry service (free), other departments	-----	1,588,629	96,658	1,685,287	-----	-----	-----	-----	-----
Franked mail:									
Members of Congress	2,076,000	1,853,165	96,129	-----	17,900	+108,806	-----	1,967,194	(108,806)
Others	-----	91,482	4,748	96,230	-----	-----	-----	-----	-----
Total Government mail	34,502,000	36,027,654	1,939,453	2,794,517	325,444	—996,034	-----	35,498,034	996,034
Free for blind	-----	911,692	53,532	965,224	-----	-----	-----	-----	-----
Total domestic mail	2,129,557,492	2,548,412,620	138,561,536	27,829,277	22,103,971	—551,691,358	+54,217,895	2,735,466,745	605,909,253

Footnotes at end of table.

TABLE 100.—Summary of allocations of revenues and costs to classes of mail and services, with computations necessary to reflect factors not carried in Post Office Department accounts, fiscal year 1956—Continued

Class of mail or service	Total revenues	Allocated budgetary expenditures	Nonbudgetary cost or revenue additions			Year-end excess (+) or deficiency (—) (cols. 1-2-3+4-5)	Estimated reallocation of costs for intangible factors ⁴	Adjusted costs for revenue requirements	Deficiency in revenues ⁵
			Costs paid by other Government agencies ¹	Public service revenue or cost factors (credit) ²	Increased costs not wholly reflected ³				
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(9)
International mail.....	\$85,494,375	\$80,999,427	\$2,611,485	\$1,143,000	\$422,208	+\$2,604,255		\$82,890,120	(\$2,604,255)
Total all mails.....	2,215,051,867	2,629,412,047	141,173,021	28,972,277	22,526,179	-549,087,103	+\$54,217,895	2,818,356,865	603,304,993
Special services ⁶	224,893,389	264,752,202	15,137,065		2,915,965	-57,911,843	-57,911,843	224,893,389	
Unassignable revenues and costs.....	7,419,824	2,578,147	8,252		3,591	+4,829,834	+4,829,834	7,419,824	
Total mails and special services.....	2,447,365,080	2,896,742,396	156,318,338	28,972,277	25,445,735	-602,169,112	+1,135,886	3,050,670,078	603,304,993
Nonpostal services ⁶	1,623,010	16,197,152	841,964	14,294,817	14,597	-1,135,886	-1,135,886	1,623,010	
Grand total, all operations.....	2,448,988,090	2,912,939,548	157,160,302	43,267,094	25,460,332	-603,304,998		3,052,293,088	603,304,998
Deductions:									
Indemnity claims.....	4,831,608	4,831,608							
Embossed envelopes purchased.....	8,519,953	8,519,953							
Losses and chargeoffs.....	61,427	61,427							
Reimbursements:									
Airmail transportation.....	13,709,940	13,709,940							
Nonpostal.....	2,181,833	2,181,833							
Money order items.....	329,665	329,665							
Net postal operations.....	2,419,353,604	2,883,305,122							

¹ Includes civil-service retirement costs for Post Office Department employees amounting to \$125,260,302, computed at 6½ percent of applicable salaries. Effective July 13, 1957, the Department is required to reimburse the civil-service retirement fund for such costs. For details see table 90.

² Computed amounts of identified subsidies to specified classes of mail users and expenditures made for public service purposes, not reimbursed. For details see table 98.

³ To place cost increases during fiscal year 1956, resulting from legislation and only partially reflected in the year, on a full annual basis. Adjustment does not include amounts that would be applicable to public-service items in col. 4. For details see table 90.

⁴ Estimated reallocations of costs for intangible ratemaking factors are based on recovery currently of 50 percent of allocated and indirect costs assigned to 2d-class mail, and 75 percent of such costs for controlled circulation publications and 3d class. Reallocations for special services, unassignable items, and that portion of civil-service costs related to civil-service functions for the Post Office Department, are based on the assumption that all allocated and other Government-agency costs not recovered on these services as a whole will be borne by the mail services in applying this formula.

Costs are discounted by public service revenue or cost credit amounts where applicable before application of this formula. The amount for reallocation to 1st-class and domestic airmail is assigned to those classes on the basis of all costs developed for 1st-class letters and cards and airmail letters and cards.

⁵ This column shows the Department's computation of current revenue needs on the basis of the figures shown and conditions existing June 30, 1956. It does not include any amounts for (1) the Department's planned capital program for modernization of buildings and equipment, for (2) railroad rate increases, pending subsequent to July 3, 1957, for carrying the mails, or for (3) depreciation, currently estimated at \$40,000,000 per year, on public buildings used in the postal service.

⁶ Amounts shown include revenue from weight in excess of the 1st ounce on each piece, amounting to \$141,449,444 on 1st-class letters. For detailed segregation of revenue and expenditures see table 99.

⁷ Includes paid airmail to and from the Armed Forces overseas, and outlying possessions of the United States. Revenue from weight in excess of the 1st ounce on each piece on domestic airmail letters amounts to \$16,191,545.

⁸ For detailed segregation of revenues and expenditures see table 100-A.

⁹ For detailed segregation of revenue and expenditures see table 100-B.

Mr. JOHNSTON of South Carolina. That is all I wanted to put in the RECORD at this time. The table speaks for itself with respect to the cost ascertainment feature.

Mr. MORTON. Mr. President, will the Senator yield?

Mr. CHURCH. I yield.

Mr. MORTON. I am certain the Senator from Idaho does not wish to leave a misapprehension in the minds of Members of the Senate. There has been no change in the accounting or bookkeeping system at the Post Office Department. The cost ascertainment system is still in use, and it is the one that has been in use for many years. It is a highly controversial system.

Yesterday the Postmaster General, in a release at the Post Office Department, referred to the first-class mail losses as \$29 million. He continues to use that cost ascertainment system. It remains in use.

Last August, before our committee, a presentation was made in which the Deputy Postmaster General pointed out the cost ascertainment system had been under attack by various users of the mail for many years; that it had withstood attack for ages; and had been supported by accountants. He pointed out:

The important thing about cost ascertainment is that it does not, in itself, provide an automatic formula for fixing postal rates.

Then he added, for the information of the committee and Congress, the distribution of the costs. We keep many of our post offices open at night. We pay a 10-percent differential, and rightly so, to those who work at night. We do that because of the importance of the first-class mail. But it is agreed that under cost ascertainment second and third class also pay their share. That does not enter into the picture from a ratemaking standpoint.

I think we do not want to leave the impression that the Postmaster General has dug up some new system to justify the 5-cent first-class rate.

I do not wish to get into an argument with the Senator from Idaho about the 5-cent rate. He has his views; I have mine. But the cost ascertainment system, which has been in effect for years, is a guide. It is just the same as it has been. It has stood the test of time. It has been approved by accountants. I do not think the Postmaster General has tried to scrap it. His release of yesterday shows that he is still using it in estimating the cost of first-class mail.

The figures which Mr. Stans gave at the request of the committee merely showed that cost ascertainment cannot be followed strictly in the fixing of rates.

Let us take a homely illustration. I do not know whether the costs of deriving skim milk and cream from the original sources of milk can be separated.

It costs something to milk the cow; we know that. It costs the dairyman something to get the milk to market. Sooner or later the product is sold as butter, dried milk, skim milk, or cream. The price of each is not exactly the same per pound.

That is the problem which is confronted in the making of postal rates. What is called a new accounting system is not a new accounting system. It is the best interpretation which the career postal officers can give as to how to take into account the various services in arriving at the respective costs.

Mr. CHURCH. I thank the Senator from Kentucky. If the Postmaster General were asked to return to testify today on the basis of allocated costs or the cost ascertainment system, which was the basis for his first testimony, I have no doubt in the world that he would say, as the Senator from Kentucky has indicated, that on that basis the first-class mail last year paid 97 percent of its way; air mail paid 100 percent of its way; second class paid 21 percent of its way; and third class paid 54 percent of its way.

I am glad the Senator from Kentucky has pointed up this matter, because it is not my purpose to indicate in any way that the Postmaster General has been devious. My purpose simply is to show that rather than using the cost ascertainment system in the table which is

contained in the report of the committee, we are using, in column 6, figures which are listed under the caption "Total Adjusted Cost, 1956," which departs from the cost ascertainment system, and which attempts to allocate to first-class mail the preferential treatment it receives and to charge it to first-class mail; and to attempt to allocate to second- and third-class mail the deferred treatment it receives, and to deduct an amount to account for that.

I am merely making the point that it is very difficult for us to deal with these figures when even the experts in the Post Office Department are not in entire agreement as to how the apportionments should be made. What I propose to do, if the Senator from Kentucky will allow me to do so, is to analyze the bill, not on the basis of the old cost ascertainment system, but on the basis of the adjusted cost figures, which I believe represent the fairest appraisal the Post Office Department can make of the present situation. That is my proposal this afternoon. I am certain the Senator from Kentucky will take no exception to it.

Mr. MORTON. Mr. President, will the Senator yield?

Mr. CHURCH. I yield.

Mr. MORTON. I certainly do not take exception to it. I am glad the Senator from Idaho has pointed out that column 6 is in the committee report. It means that the committee and its able staff have the means of best getting this complicated picture across. That certainly is evidenced by the public release yesterday, in which the Postmaster General pointed to the \$29 million, not to some other figure.

It certainly is not the desire of the Postmaster General or the Post Office Department to be devious about this matter. I was simply afraid that from the colloquy between the Senator from Idaho and the Senator from Louisiana the impression might be left that this system was being used to cover up the situation. If there is any question about it, the duty rests with the committee to present the information.

Mr. CHURCH. I appreciate the comment made by the Senator from Kentucky. When I refer to the total adjusted costs, on pages 6 and 7 of the report, it may be a misnomer to refer to the system as a bookkeeping system, but my purpose is to appraise the bill in terms of the total adjusted cost as it appears in column 6, because I do not think a nickel stamp is justified, even when it is measured against the figures most comparable with the cost.

Mr. YARBOROUGH. Mr. President, will the Senator yield?

Mr. CHURCH. I yield.

Mr. YARBOROUGH. Bearing in mind that a 4-cent rate would produce more than \$550 million of revenue, I desire to ask the Senator from Idaho, who has contributed so much to our information and enlightenment concerning all these postal matters, whether the 4-cent rate would not yield enough money to compensate for the pay increases proposed for the postal employees, to permit the Postmaster General to

build the new post offices he plans to construct, and to provide the equipment for the mechanization of the postal system.

I ask the Senator from Idaho to bear in mind that the Postmaster General does not propose to buy any more post offices. He says that the present post offices are obsolescent or obsolete. He plans to turn them over to the General Services Administration for disposition, and he has maintained that it would be cheaper to have all the post office buildings privately owned. He would take the Post Office Department out of the post office building business. He plans to lease all new post-office buildings after they are constructed by private owners.

Considering all those factors, could not the Postmaster General achieve his new post office leasing plan, the mechanization of the operations within the Post Office Department, and the pay increases which the Committee on Post Office and Civil Service has proposed, all at the 4-cent rate?

Mr. CHURCH. If we adopt the rate increases contained in the bill for the different classes of mail, it will not be necessary to have the nickel rate to accomplish all three of these objectives. In addition, these objectives can be accomplished within the framework of the postal policy set forth in the bill.

Mr. YARBOROUGH. Under the 5-cent rate as proposed by the Postmaster General, if a person in my hometown of Chandler, on the Neches River, mailed a letter to another town of similar size, 9 miles away, at Brownsville, it would cost 5 cents. But if a person living in New York City mailed a letter 16 miles away within the city of New York, he would pay only 4 cents.

I ask the distinguished Senator whether he thinks the 5-cent rate fair for the small towns, and the 4-cent rate fair for the big cities. That is, in essence, the Postmaster General's proposal.

Mr. CHURCH. I thank my friend from Texas for pointing out this situation. One of the reasons why I oppose the 5-cent rate is that it seems to discriminate between those who live in urban areas and those who live in the countryside. It tends to discriminate against the farmers and those who live in the small communities of the country. They are the people who are hurt the worst today. They are the ones who need helpful attention, not the kind of discriminatory treatment which the 5-cent proposal of the administration will involve.

Mr. President, I shall conclude by saying that the Post Office Committee made a very sincere effort to increase the rates for each class of mail enough so that each class would bear its just burden. The figures which appear in column 6 are meant to reflect what the just burden for each class is.

If Senators will examine the bill, they will find that a 4-cent rate will increase the revenue from the first-class mail enough to pay for the entire cost of handling that mail, when all the factors of preferential treatment are taken into account, and still return to the Post Office Department a net of a little more than \$25 million.

The rate on the second-class mail will be increased by the bill by substantially 10 percent for each of 3 years, insofar as editorial content is concerned; and by 20 percent for each of 3 years, insofar as advertising content is concerned. That will bring the revenue from the second-class mail to within \$68 million of paying the cost of handling it, as determined under the new, adjusted-cost system.

Mr. CLARK. Mr. President, at this point will the Senator from Idaho yield briefly to me?

The PRESIDING OFFICER (Mr. YARBOROUGH in the chair). Does the Senator from Idaho yield to the Senator from Pennsylvania?

Mr. CHURCH. I yield to my friend, the Senator from Pennsylvania.

Mr. CLARK. Can the Senator from Idaho state the figures for the second-class mail under the original cost-allocation system and also under what the Senator from Kentucky has pointed out is just another way of figuring the same thing, but getting a different result?

Mr. CHURCH. Under the original cost-ascertainment system the additional revenue which would be obtained by means of the bill would increase the burden carried by the users of the second-class mail from 21 percent to approximately 31 percent. Based on the new method of allocating costs, it would bring the second-class mail to within \$68 million of paying its own way. I do not have the percentage figure for that.

Mr. CLARK. Under the revised allocation system, are we doing better in covering the deficit resulting from the handling of second-class mail than we did under the old allocation system?

Mr. CHURCH. Yes; we are doing better.

I believe that the committee would have voted to increase the second-class rates even more, if it had not been for the general belief that they could not be increased 100 percent or 150 percent or 200 percent without causing a dislocation which would have a very adverse effect on business everywhere in the Nation, and perhaps would prove disastrous. But within that limit, the committee voted to increase the rates as much as possible.

Mr. CLARK. As to that, I do not think the Senator from Idaho can state, inasmuch as he was not a member of the House committee, why the Rhodes amendment was deleted from the bill.

Mr. CHURCH. I cannot answer as to that.

Mr. President, with these adjustments, the increased revenue which would be provided by the bill to the Post Office Department would be sufficient to enable the Department to carry the third-class mail at a net surplus of \$23,400,000.

So, Mr. President, the proposed 5-cent rate is not related at all to the just burden which each class of mail should carry. In fact, the whole burden of the administration's case is that there should be a 5-cent rate for only one reason; namely, to modernize the Post Office Department. My objection to that is very, very plain: It seems to me to be manifestly unfair that the entire burden

of modernizing the entire post-office system, much as it may be needed, should be placed on the shoulders of the letter writers of the country, rather than spread to all the users of the postal service.

So, Mr. President, I must oppose the bill in its present form.

I urge the Senate to adopt the pending amendment. In doing so, I believe that the public interest will best be served without imposing on the letter writers of the country an undue and unfair burden, which would be disproportionate to that borne by the other users of the postal service. The pending amendment, if adopted, will still result in an increase in revenues sufficient to reduce substantially the post-office deficit, to accommodate the higher pay which we believe is necessary, and to bring the total operations of the Post Office Department well within the framework of the very postal policy which is contained in the bill.

Mr. MORSE. Mr. President, will the Senator from Idaho yield to me?

Mr. CHURCH. I yield.

Mr. MORSE. I should like to associate myself with the position the Senator from Idaho has taken on this matter.

I particularly wish to stress the point he has made in regard to who is to pay the cost of modernizing the post office. In effect, the Senator from Idaho has pointed out that the bill calls upon the first-class letter writers to subsidize the rest of the taxpayers in this respect.

Mr. CHURCH. I thank the Senator from Oregon for his contribution, and I thank the Senate for its courteous attention.

Mr. President, I yield the floor.

Mr. PROXMIRE. Mr. President, I rise in support of the Monroney amendment.

I should like to state very briefly that it has been a great privilege and pleasure to serve on the committee. I have the greatest admiration for its chairman. I think the Republican members were certainly in good temper and performed very well under most difficult circumstances.

Mr. President, this is the hardest kind of bill for a committee to deal with, because it involves the interests of groups that are extremely affected by the bill. The very existence of some of the mail-order houses, for example, depends on the bill. Newspapers and other publications which are enormously influential are very greatly affected by the bill. So there has been a great deal of pressure.

The attitude and the discussion in the committee on the part of the Republican members, as well as on the part of the Democratic members, certainly, in my judgment, have been excellent. I wish to commend the chairman of the committee for the splendid way in which he has handled the bill.

The committee has arrived at a bill with which I happen to disagree as to important parts, but which I believe is responsible and sound in other parts.

In support of the Monroney amendment, let me say that the bill, as has been brought out so well by the distinguished

Senator from Idaho [Mr. CHURCH], will load on the backs of those who use the first-class mail 38 percent more than the cost of handling that mail. The arguments in support of that—and I have been listening as patiently as I possibly could to them—are two: First, that that is the historic way, the way it has always been done; second, that that is the way it has been done in other countries.

Mr. President, I submit that those are no arguments at all. If the Congress of the United States were to adopt its postal policy or any other policy simply on the basis of what had been done before, that would be a great mistake, and would be reactionary; and no progress at all would be made, in my opinion.

For almost 2,000 years mankind was strapped by such a notion—in other words, the notion that if Aristotle did not think something a good idea, it could not be very good. It was not until the last several hundred years that civilized man opened his mind to new ideas and agreed to accept them if he found that they were fit and proper.

That is what the bill will do. It contains what I believe to be an excellent statement of policy. It contains provision for a change—I think we should admit that—in our policy toward the first-class mail, a change which will not result in loading onto the shoulders of those who use the first-class mail 38 percent or 48 percent more than the entire cost of transporting that mail.

Mr. President, I believe the Senate should reject the oppressive historical course, namely, to require that those who use the first-class mail shall pay for much more than the cost of carrying that part of the mail.

It has been argued that the proposed rate for first-class mail is justified because the first-class mail receives preferential treatment. Mr. President, it should not be a secret—certainly it is not to any member of the committee—that preferential treatment is also accorded the big users of the second-class mail, inasmuch as their mail receives first-class treatment, in terms of timing. That is true in the case of all the Luce publications, all the newspapers, and every kind of publication which contains anything like “hot” or perishable news. They receive exactly the same treatment first-class mail receives, but they are not charged 38 percent more than the cost of handling them. The distinguished Senator from Idaho has pointed out that, instead, they are charged much less than the cost of handling them.

Mr. CLARK. Mr. President, will the Senator from Wisconsin yield to me?

Mr. PROXMIRE. I yield.

Mr. CLARK. That is what has been referred to as the “red tag treatment”, is it not?

Mr. PROXMIRE. Exactly.

Mr. CLARK. If those in charge of a publication say to the postal authorities, “We want our publication handled like first-class mail, but we want to pay only the second-class mail rate,” within reasonable limits that treatment is accorded. We do not know exactly what the standards are; but certainly there has not been any evidence to show that

such requests have been rejected, has there?

Mr. PROXMIRE. That is correct, so long as they comply with the standard of so-called “hot news”. The testimony was that is true so long as they contain some “hot news.” I may point out that the magazine Confidential falls within that category. Confidential is considered to have “hot news”, which is perishable. Confidential gets first-class treatment at second-class rates.

It is very interesting to note that when the committee questioned the Postmaster General about the possibility of a charge for such first-class treatment for the big publications, it was suggested that perhaps a 10-percent increase in the second-class cost would be enough. If 10 percent is the allowance that would be applied to first-class mail for preferential treatment, then one could justify not a 4-cent stamp, but something less, something between a 3- and a 4-cent stamp.

The Senator from Idaho has made the real case against the 5-cent stamp. This is a tax bill. Like any tax bill, it should be discussed very fully, on the basis of the facts and figures. That is exactly what the Senator from Idaho has done. He has shown convincingly, on the basis of policy established in this bill, there is no justification for a 5-cent stamp. The bill will raise substantially more than is needed to carry the mails and provide the public service required at the present time.

On the basis of information I have received from responsible members of the Committee on Post Office and Civil Service and from the Post Office Department, without the bill the deficit will be \$956 million. The amount raised by the bill will be \$476 million. If the bill is passed, including the pay raise, which I fervently hope will be granted, the deficit will be \$210 million.

The bill provides that 15 percent of the cost of the Post Office shall be allocated to public service. I have been informed that item for this year will be \$324 million. That means the justifiable deficit for the Post Office Department would be almost \$500 million.

If we include the cost of service, in terms of policy as expressed in the bill, there would be a surplus, as a result of using a 5-cent stamp, of about \$288 million.

I do not think at this time the Senate, the Congress, or the Government want to load onto the backs of the mail users any greater rate than can be warranted on the basis of the facts. The facts as expressed in the bill are that a 5-cent stamp cannot be justified. We can barely justify an increase over a 3-cent stamp.

Let me mention, as quickly as I can, some of the points which I do not believe have been answered, as I have listened to the debate.

No. 1. The bill is going to hit the small-business man particularly. I have lived and worked and owned a business in a small town. Anyone in such a business knows that necessarily one has to mail very largely outside of town. The market is outside of town. The custom-

ers are located outside of town. The suppliers are located outside of town. If one were located in a large city like New York, Chicago, or Milwaukee, that would not be true. However, for small businesses located in small towns, such increases are going to hit the economy of the small towns, and they will be discriminated against as compared with their competitors located in the large cities.

In the second place, as the Senator from Rhode Island [Mr. PASTORE] expressed so colorfully and well, the consumer is going to be hit. He is going to be confused and hit in a discriminatory way. The person in a rural community who has to mail largely out of town is going to be discriminated against as compared with a person who lives in a large city.

In the third place, the bill hits the farmer, because the farmer is located in a rural community. If he communicates, he has to write to persons outside of his small village or area in which he is located.

Mr. President, to sum up, this tax, this rate increase, is regressive. It is regressive because it hits the little fellow, the fellow who is least able to pay.

I should like to point out something which has not been sufficiently called to our attention, and that is that the timing of the increase could not be worse. It is being proposed that the cost of postal service be increased by three-quarters of a billion dollars, at a time when there is a great unemployment, at a time when we have a business recession, and at a time and on the very day when the New York Times and other newspapers have reported that the cost of living last month increased by the greatest amount in the past 18 months and has reached a new high.

To sum up, we cannot justify the 5-cent increase on the basis of cost, which is the only kind of basis on which one can justify a tax bill. It cannot be justified on the basis of what it will do to first-class users of mail, because they already virtually carry their load, and, if they are compelled to use a 4-cent stamp, will carry more than their share of the cost.

Finally, Mr. President, as we vote on the bill I think we should be very mindful that we are imposing this cost on the American taxpayer, the American citizen, at a time when he can least bear it.

I think an increase to a 5-cent rate is a serious error. I think the distinguished Senator from Oklahoma [Mr. MONRONEY] is performing a very fine service by proposing his amendment, and I enthusiastically support it.

Mr. MORTON. Mr. President, will the Senator yield?

Mr. PROXMIRE. I yield.

Mr. MORTON. I may say that I shall make a statement on the relative merits of the 4-cent and 5-cent rates. The Senator has made his position clear both in committee and on the floor of the Senate. I should like to point out that the R. F. D. 4-cent rate applies if the R. F. D. in the post office in question involves a route of 30 miles, whether it be 15 miles in one direction and 15 miles on another route. If the service is out of the same

post office, the 4-cent rate applies. I am sure the Senator from Wisconsin understands that, but I have pointed it out for the benefit of our colleagues who may be somewhat confused on that point.

Mr. PROXMIRE. I am delighted that the Senator from Kentucky has made that point. Such a rate will be beneficial to farmers who have a rural box around Chicago, New York, Madison, or such areas, but I should like to point out that, of course, the overwhelming majority of Americans do not have that kind of rural box situation. Their rural box is a village or very small town. Such a provision will not in any way help those who live outside the village or small town. They will be at a serious disadvantage as compared with those who do not live on farms, but live in the cities.

Mr. MORSE. Mr. President, before I make a brief speech summarizing my reasons for opposing a 5-cent postage rate, I wish to discuss a couple of extraneous matters for the RECORD.

The PRESIDING OFFICER. The Senator from Oregon is recognized.

PRESIDENTIAL DISABILITY

Mr. MORSE. Mr. President, I hold in my hand a tear sheet from this afternoon's ticker, which reads in part:

President Eisenhower disclosed today that there is a clear understanding between him and his Cabinet and Vice President Nixon as to what should be done in case of the President's disability.

The President said Nixon knows exactly what to do in such a situation. He said the people around him are privy to his understanding with Nixon.

Eisenhower made the disclosure in response to a press conference question about disability legislation.

The ticker says also in part:

The President said that, as far as his administration is concerned, he has reached an understanding with his Cabinet and Nixon on the disability question. In his own case, he said, because there is such a degree of mutual confidence and even liking between himself and Nixon he thinks the Vice President knows exactly what he should do in case of Presidential disability.

I find that very interesting, Mr. President, but likewise disturbing. I suggest that there are some others in the United States who have a vital interest in the "understanding" between the President of the United States and the Vice President. The people of the Nation should be declared "in" on this tight little "understanding."

Congress, which has been asked to legislate on the subject, should also know what arrangements have been made.

The Constitution does not make the Office of the President of the United States the private preserve of the incumbent to dispose of as if it were a quail-hunting lodge. If the President feels he is not up to his job, he should publicly declare that fact and resign.

It is equally important that the people whose representative he is should not be in the dark as to what disposition is to be made of the highest office in the land. This is not a fit subject for any secret understandings. I regret to note

that it is but further evidence of the conception of this administration that it is justified in adopting a policy of government by secrecy. I think that an end ought to be made, and made very quickly, to this kind of government by secrecy.

Mr. President, I have another matter which I desire to discuss before I refer to the postal rate issue.

The PRESIDING OFFICER. The Senator from Oregon has the floor.

CHINS UP—EYES BACK

Mr. MORSE. Mr. President, while we continue to receive encouragement from the President of the United States on the state of the economy, this simulated enthusiasm—this inclination to smile our way through all problems—is not shared by certain presidents in other segments of our economy.

Mr. President, I ask unanimous consent that there be printed at this point in my remarks a Washington Post item of Thursday, February 20, 1958, containing comments attributed to the President of the American Pulp & Paper Association at a recent luncheon of the Association of Pulp Consumers.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

PAPER INDUSTRY CUTS PLANS FOR EXPANSION

NEW YORK, February 19.—The paper industry has canceled plans to add about 5 million tons of capacity during the past year and some other expansion has been stretched out, President David L. Luke of the American Paper and Pulp Association said today.

Luke declared, "Never before has such intelligent action been taken so promptly. It is real wisdom to anticipate difficulty and to begin corrective action even before the trouble arrives."

The paper and pulpboard manufacturers have an annual capacity of about 35 million tons. They have been running at around 85 percent, considerably below a year ago.

Luke, president of West Virginia Pulp & Paper Co., addressed a luncheon of the Association of Pulp Consumers at the annual APPA convention.

"I don't mean to imply the actions of the past year have put us on Easy Street. We still have a moderate surplus of capacity which will take our normal growth rate several years to soak up," he said.

Mr. MORSE. Mr. President, I might add that the individual quoted—Mr. Luke—is also the president of the West Virginia Pulp & Paper Co.

He is reported to have said that the pulp industry canceled—yes, canceled—plans to add 5 million tons of capacity last year.

Mr. Luke heralded this action by saying, "Never before has such intelligent action been taken so promptly. It is real wisdom to anticipate difficulty and to begin corrective action even before the trouble arrives."

The pulp industry is now running at 85 percent of the rate of 1 year ago. Just what does this mean? It means that big business—and the pulp industry is big business—has figured out this administration. It is coming to realize that the Republican Party does not intend to do anything about economic dislocation, and so the big business will have to do it itself. How does big busi-

ness do it? It stops the expansion that is required to take care of our growing population. One thing I might be tempted to say for big business is that it anticipated the trouble we are now experiencing. But could it be that big business has brought on this recession by timidity—by a lack of confidence in the growth of America? With both eyes fixed on profits and with no regard for a full employment and growth, big business mirrors this big business administration and this administration mirrors big business.

What are the administration's solutions? Last year, about the time the President vetoed a pay raise for Federal employees, he exhorted us to spend less and combat inflation. However, big business, with administered prices, kept pushing them up so as to maintain profits while employment dropped. As the income of wage earners slumped, purchasing power dropped even more. Production cutbacks accentuated unemployment and caused big business to push prices still higher and so a downward spiral was induced. I do not say this was purposefully induced, but it was induced by the antediluvian economic attitudes that so characterize those whose political thinking is typified by the symbol of the elephant.

How long will it take for this administration to realize that a growing population means an automatic increase in consumption? We need not cut back the installation of new production facilities and the production of goods. If we are to be governed by timidity and controlled by a lack of confidence in the growth of this Nation, are we again to go through the suffering that these same policies produced in 1929? When will the elephant learn?

Mr. President, I ask unanimous consent that an editorial from the Washington Post and Times Herald of February 24 be printed in the RECORD at the conclusion of my remarks upon this subject.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Oregon? The Chair hears none, and it is so ordered.

(See exhibit 1.)

Mr. MORSE. Mr. President, the Washington Post editorial of February 24 shows the basis for my concern. Former President Hoover dealt in the same cruel platitudes this administration voices. He repeated in essence a speech he gave at the depth of the depression. We are told, "Chins up," "All will be well," "Don't worry." If I may borrow from a military phrase, we are told "Eyes front," but I think we should say "Eyes back." There is no room for doubt that we need dynamic leadership, not the thumb-twiddling and pious platitudes we are hearing. I say to my colleagues, to the American people, and to this administration, that we can look to history. We can look back, and we can learn. I do not say that this administration must adopt every program President Roosevelt did to combat the 1929 depression and the recession he fought in 1937. But we cannot solve these problems by just wringing our hands, as this administration is doing. I commend the majority

leader [Mr. JOHNSON of Texas] for his program and for his wise judgment in preparing to meet the emergent problems with action. His attitude shows that he, like many other Democrats, has learned something from history.

EXHIBIT 1

THE BACKWARD LOOK

If slogans and good intentions were enough to bring the Nation through a time of trial, the record of Herbert Hoover as President of the United States during the depth of the great depression no doubt would be somewhat different. Mr. Hoover tried an interesting trick on Saturday by delivering at Valley Forge virtually the same speech he had made there 27 years ago. It was a speech replete with exhortations to the individual to be of strong character, to rely on his own initiative, and be suspicious of Government; and it was typical of the passiveness with which Mr. Hoover attempted to meet the problems of the depression.

Today the crisis is peculiarly one of national policy, both in the devising of means to combat the recession and assure expansion of the economy, and in the much broader challenge of competition with the Soviet Union. There are indeed the false panaceas of which Mr. Hoover speaks, but they are the notions that we can somehow get by on the cheap, without enormous national effort. Private initiative is as important as ever, but clearly it is no substitute for governmental decisions and impetus. Particularly in such fields as defense, economic planning, and the improvement of educational opportunities the leadership must come from Washington, despite Mr. Hoover's mistrust. Mr. Hoover has demonstrated the old maxim, in respect of his brand of Republicanism, that an elephant never forgets—but apparently he doesn't learn much either.

READJUSTMENT OF POSTAL RATES

The Senate resumed the consideration of the bill (H. R. 5836) to readjust postal rates and to establish a congressional policy for the determination of postal rates and for other purposes.

Mr. MORSE. Mr. President, I turn to a brief summary of my position on the postal pay bill.

In these remarks I wish to summarize my position on the postal rate bill now pending before the Senate. This has become a highly controversial piece of legislation, because it affects every user of the mails, both private and commercial. In addition, the bill has become involved with the pay of postal workers, because many of them have been told by the leaders of their organizations that their pay raise must be tied to a postal rate increase if it is to be adopted at all.

Basic to this legislation is the nature of the postal service itself.

I have obtained from the Library of Congress a report on this very question of the history of the postal service. I asked for a study of the early years of the post office, to find out whether it was conceived as a service institution, like fire and police protection, or as a self-supporting and revenue-producing enterprise.

The Library reported to me that as established by the British King, the postal service was conceived as a revenue raiser.

When I say established by the British king, I am talking about the postal serv-

ice which the British king established in the colonies prior to the Revolution. The British king imposed upon the colonists a high-cost, revenue-producing postal system, and, as pointed out by the Library of Congress report on the history of the service, to which I have referred, it was exceedingly inefficient and poor service.

Mr. President, I ask unanimous consent that there be printed at the conclusion of my remarks the document which was prepared for me by the Library of Congress.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Oregon? The Chair hears none, and it is so ordered.

(See exhibit 1.)

Mr. MORSE. Mr. President, the postal system which the British king imposed upon the colonists prior to the birth of this Nation was poor and the rates were very high.

So when the American Continental Congress established the Post Office Department in 1775, American sentiment rejected any suggestion that it be a source of revenue to the Government. In the resolution establishing the system, it was stated: "If the necessary expense of this establishment should exceed the produce of it, the deficiency shall be made good by the United Colonies and paid to the Postmaster General by the Continental Congress."

That is not to say that the post office has always lost money, or that the service principle was always observed by Congress in fixing rates. Alexander Hamilton, for one, thought the postal service should be used to raise revenue.

But as time went on, the tendency was to place continually less emphasis upon revenue and more upon service. In 1865, for example, the post office spent \$749,000 on mail routes from Kansas to California, which brought in revenue of only \$24,000. The first letters sent to Alaska cost \$450 apiece to deliver.

I should like also to stress the point that we can take judicial notice of the fact that when the postal service was first established in this country, our Constitutional Fathers had not the slightest conception of any such bulk of second-, third-, and fourth-class mail as now characterizes mail carriage in this country. When the postal service was first established, its predominant characteristic was first-class mail. The great increase in periodical and newspaper literature in commercial advertising, and other types of second-, third-, and fourth-class mail, represents a relatively recent development from the standpoint of the original purpose, intent, and objective of the postal system. I think we must bear that in mind as we come now to weigh the historical importance of the original intention and objectives of the founders of the postal system. When they talked about a postal system then, they were referring primarily to sending letters through the mail. The extent to which they sent printed materials through the mail, in the form of pamphlets, and so forth, was not significant. To be sure, there were pamphleteers in colonial times,

and there were newspapers. But when we go to the Library of Congress and take a look at them, we see that many of them were single-sheet newspapers. Many of them consisted of only 2 or 3 very small sheets. They did not compare at all with the modern newspaper.

I ask Senators to bear that situation in mind as I discuss a certain amendment which I shall offer before I close. When we talk about the historical purpose of the post-office system and the intention of its founders, and the final preponderance of opinion in support of the post office as a service agency rather than as a revenue-raising agency, we need to bear in mind that the type of mail carried in the early days was quite different from the type of mail carried today.

Who can say what would have been the position of the Founding Fathers in regard to charges for second-, third-, and fourth-class mail of the type which goes through the post offices today? I do not purport to say. But as we read history, as, through the printed page, we become familiar, as one can through the study of history, with the attitudes and the views of historic leaders of the past, we can give our interpretation of their attitudes and their philosophy. In my judgment, if those who established our postal system had been told that post offices would be handling the type of second- and third-class mail they are now handling, which, as the record of the debate shows, pays, under the old system of allocating costs, about 20 percent of the cost of handling, they would have thrown up their hands in holy horror. There would have been no hesitancy on the part of the Founding Fathers to make second- and third-class mail pay much more toward the cost of their carriage, even, than has been provided in the committee bill which has been reported to the Senate.

That is my interpretation. Honest men may differ with me, but they should not try to differ with me until they have at least read the history of the postal service. We must bear in mind that the discussions with respect to charges which should be made in the postal service at the time of its foundation, and for a great many decades thereafter, assumed a post-office operation which was predominantly what we now call a first-class-mail operation, whereas today there is a tremendous load of second-, third-, and fourth-class mail.

At the same time that this conception of the Post Office as a service was growing, it had always been hoped that it could be self-supporting. In 1932, there was even a reversion back to the revenue-raising concept when first-class rates were raised from 2 to 3 cents. The result of raising the first-class rate from 2 to 3 cents was that, for a period of years, first-class mail more than paid its way. For the first few years after the increase from 2 to 3 cents, there was an income from first-class mail in excess of the cost of handling such mail.

I am one who believes that as costs of service rise, postal rates should be expected to rise, too. I shall vote for increases in postal rates on the basis of

that principle. But the notion that the Department must be self-sustaining has little foundation in history.

I wish again to refer, for a moment, to the type of postal expenditure which one finds as he reads the accounts of the development of our postal system. Much of the money went for post roads. I point out that a considerable amount of the revenue in the early days of the postal service went to help build better so-called post roads. That function of government has now been taken over by entirely different branches of the Federal Government—a recognition that the road service is primarily a public service, and should not, of course, be paid for on any such basis as some Senators in this debate would have us pay, for example, for post office buildings.

The report on the pending bill by the majority of the Senate Post Office and Civil Service Committee indicates that a new policy of allocating costs of postal service is established in the bill.

In brief, it finds that certain services and exemptions are desirable as being in the public interest; the costs for them are estimated at about 15 percent of the total expense of the Post Office Department and are to be covered by direct appropriation from the Treasury. Among the services designated as "public services" which shall be chargeable to the Treasury are the mailing privileges of government agencies and Members of Congress, rural free delivery, reduced rates for nonprofit publications, reading matter for the blind, various losses on insured mail, special delivery, and others.

It is further stated, in effect, in the Senate committee version of this bill, that the mail service as a whole is not to be considered a public service but that first, second, third and fourth class taken together shall be expected to pay its cost.

In addition, it is assumed in this bill that handling first-class mail is the primary function of the postal service and therefore first-class mail should bear the entire basic cost of the Department.

In other words, when we come to figure out the cost of the services of the employees, the cost of the machines, the cost of the physical facilities, the cost of the trucks, the cost of the mailbags, and the cost of all the physical equipment, it should all be paid for, as the basic cost of operating the postal system, by the first-class-mail revenue.

Second and third classes of mail, consisting for the most part of magazines, newspapers, and circulars, would bear only the expense incurred by adding them to existing facilities already paid for by first-class mail under this new postal policy.

I deny that there is anything in the history of the postal service that would justify this theory as a basis for fixing postal rates.

This goes back to the discussion of a moment ago in which I pointed out that when the postal system was first established the Founding Fathers did not have the physical problem which is presented today by 2d- and 3d- and 4th-class mail. The amount of mail which can be characterized as 2d- and 3d-class

mail under present standards would be a relatively small part of the total mail of that day; whereas today its volume is tremendous, as the size and number of the newspapers and magazines and advertising periodicals has increased over the years.

There is even less justification for charging first-class letter writers 5 cents for out-of-town letters when the 5th cent is to be used to modernize the entire postal service. That point was brought out very clearly by the Senator from Idaho [Mr. CHURCH]. At this time *Life* magazine, for example, is sent through the mail for \$9.5 million less than the cost of handling it, each year. The 10 largest magazines, I am informed, are thus subsidized to the tune of \$32 million a year.

Mr. President, I am always amused when I read editorials in these great periodicals such as *Life*, *Time*, *Look*, *Newsweek*, *U. S. News and World Report*, deploring the subsidy the American farmer receives, and beating the American farmer over the back and across the head because he is supposed to have his nose in the public trough for a subsidy, though he is supplying the American people with sufficient food so that America can remain a surplus food Nation, upon which is dependent in no small measure a continuing rise of our standard of civilization. I may say that no civilization ever rises on a break-even food supply.

Yet these magazines, which have their hand in the pockets of the taxpayers of the country to the tune of \$32 million, have a great deal to say about agricultural subsidies. Some people talk about a double standard.

Mr. LANGER. Mr. President, will the Senator yield?

Mr. MORSE. I yield.

Mr. LANGER. I might add, as a member of the committee, that our committee heard testimony showing that the total amount of the subsidies for the magazines—all of them—which have this great privilege, is \$68 million.

Mr. MORSE. My colleague from North Dakota tells me that the total figure is \$68 million. I took the 10 largest, and the figure for those is \$32 million.

Mr. President, it is my contention that the users of the first-class mail should not be called upon to pay a nickel for postage on a letter when these great subsidies are available to publications and to those who advertise in them.

The cost allocation for mail shows that first-class mail now pays about 97 or 98 percent of its cost of handling. There may be some difference in that regard by way of a percentage or two. I am not a member of the committee. I have found it very difficult, indeed, and perplexing to find out what the actual figures are. I do not blame the committee for that, because the fast footwork of the Postmaster General in regard to the various estimates which have come from his department makes it rather difficult to settle on a definite figure.

I believe I am within the framework of accuracy when I say that the record in this case shows that first-class mail

now pays somewhere between 97 percent and 98 percent of its cost of handling. Under the bill it would be paying about 140 percent, so that improvements benefiting all classes can be made, as the Postmaster General stated.

In the course of the debate there has been presented information which would cause me to believe—I may say to the members of the press gallery, who have a copy of my manuscript—that perhaps the figure should be 138 percent, instead of 140 percent, although the members of the committee told me that it would be within the bounds of accuracy to say 140 percent. However, I prefer to understate it; so I will change the figure in my manuscript from 140 percent to 138 percent.

That means that the bill is asking, in effect, the writers of first-class letters to pay 38 percent more for posting their letters than it actually costs to send their letters through the mail. The writers of the first-class letters are asked to pay that for the benefit of the country as a whole. I do not believe that is fair or just, and I can certainly not reconcile it with the historic purposes of the postal system.

Meanwhile, magazines and newspapers instead of paying about 20 percent of the cost of their handling, would be called upon to pay only about 30 percent.

Let us get these vital statistics clear for the RECORD. The writer of a first-class letter would pay about 138 percent of the cost of sending his letter through the mail, whereas, under the rate increases proposed for second and third-class mail the publishers of Life magazine, Time magazine, Look magazine, U. S. News & World Report, and the other big periodicals would pay 30 percent of the cost of sending their magazines through the mail.

Mr. President, I should like to have a jury of 12 men "good and true" on this issue. If a jury were to pass on the question we would very quickly get a clear understanding of the soundness of the unanimous-verdict principle of justice, because the jury would vote unanimously against it. Then the average citizen would understand that we cannot justify it on the ground of equity or fair play or sound economy.

I have raised my voice in this debate on this question. The opposition has been heard to ask, "Well, what do you propose to do about it?" I will do something about it, Mr. President. I will offer an amendment to eliminate it. First, however, I wish to make my case against it. It is an unsound policy. Many of the slick magazines contain high-priced advertising. What it amounts to, Mr. President, is that the writer of a first-class letter is not only subsidizing the magazines, but he is also subsidizing big business, to the extent that he subsidizes a part of the cost of the advertising, because if the postal rates were raised, the magazine advertisers would have to pay a little more. I believe they should. That is fair if we want to look at it from the standpoint of a tax formula. I will have something to say about it from that standpoint in a little while.

The bill would also raise rates for all classes, but would preserve what amounts to a subsidy paid by first-class mailers for commercial classes. I know the proponents can say, "We did not raise the postal rate only on first-class mail; we raised it on all classes." My question is, How much? How much is it proportionately? What will be its effect on the economy? Against whom does the bill discriminate by raising the rate? I repeat my charge that it discriminates most unfairly against the writers of first-class mail.

Mr. JOHNSTON of South Carolina. Mr. President, will the Senator yield?

Mr. MORSE. I yield.

Mr. JOHNSTON of South Carolina. Does the Senator from Oregon know that the State of Oregon pays \$590,000 for stamps to send out automobile licenses, tax bills, and one thing or another, and that there will be an increase of 60 percent in this amount?

Mr. MORSE. Yes, I have been so advised by the officials of the State of Oregon.

Mr. JOHNSTON of South Carolina. There will be an increase whether the first-class postage rate becomes 4 cents or 5 cents.

Mr. MORSE. Yes; they are concerned about it, because they feel it is an unfair, undeserved increase in the cost to the State of sending out its first-class mail.

Representative GREEN, Representative PORTER, and I, in the 1956 campaign in Oregon, protested against substantial increases in the cost of first-class mail.

This is not a new position for the senior Senator from Oregon to take. I have opposed such an increase for years. I have opposed it since I first came to the Senate and was a member of the Committee on Post Office and Civil Service, one of my first committee assignments. This is a longtime position of mine. The people of Oregon have heard me discuss it on the stump up and down the State, from crossroads to crossroads.

The 5-cent stamp is in fact a sales tax imposed upon first-class letterwriters. It is a sales tax on those letterwriters imposed to raise revenue. It bears no relation to their ability to pay, as a good tax should, nor does it bear direct relation to the service they would be getting, because the other users of the mails would get the same improvements as a free ride.

Raising the price of first-class postage from 3 to 4 cents is enough, without raising it to 5 cents. Four cents is, I think, the maximum we should adopt. If it is necessary to vote for it in order to prevent a majority from voting for a 5-cent first-class stamp, I shall vote for it. I think it is the best adjustment, under the circumstances apparently prevailing in the Senate, that I can support. But let the RECORD show that even a 4-cent stamp is a price boost of one-third in the cost of mailing a letter. Unless changes are made upward in second- and third-class mail, I do not think an increase even to 4 cents is justified. First-class mail would pay even more than its own way at 4 cents; let us not

add insult to injury by requiring letter writers to subsidize magazines and advertisers even more than they do today.

With these principles in mind, I shall support rate increases for second, third, and parcel-post classes which can be shown to be in line with the rising cost of handling them. But I shall vigorously oppose a 5-cent rate, which is nothing but an extra tax on letter writers and is to be used for improvements that would be enjoyed by all users of the mail. I shall oppose the theory that rates must be high enough to cover all costs, because that is not the historic purpose of the postal service.

The second aspect of the issue I wish to discuss is the identification that, unfortunately, has been made of postal salaries and postal rates.

The wages paid to Government employees are determined according to service performed and the general scale of prices. They have nothing whatsoever to do with whether the agency they work for makes a profit. If they did, every man and woman in the Armed Forces could not be paid at all because what they do does not produce income for the Government.

Yet, for some reason, the idea is being promoted that postal salaries cannot and should not be raised without an accompanying boost in rates.

I say to every postal employee in Oregon and to every wife of a postal employee in my State: You deserve a wage increase of at least 10 percent, retroactive to the President's veto of last fall.

I will let my record speak for itself as to whether over the years I have sought to be fair to the postal workers of the Nation in respect to their wages and salaries. But I call the attention of the leaders of the postal unions to the very elementary principle of wage-fixing laws when it comes either to collective bargaining, to mediation, or to arbitration; that is, that wages, as a matter of right, are not recognized by a mediator, a conciliator, or an arbitrator as being based upon the income of the employer. The principle is clear, as first enunciated in American arbitration law by the great Louis Brandeis, that in determining wages there is applied the criterion of what makes a wage of health and decency for the employees concerned under the economic conditions in which they live, and in relationship to the comparative wages for similar service rendered by others.

I have handed down in my professional work, scores of times, decisions which repudiated the proposition that the wages in a particular case should be based upon the capacity of the employer to pay. I have repudiated that principle, as it has been repudiated so consistently in American wage law, and have applied the principle that the wages of the employee, when it falls within the province of a third party, be it a court, an arbitrator, or, in this instance, Congress, should be determined not on the basis of the revenue received, but on the basis of what is a fair wage of health and decency which the employees should be allowed.

The officials of the postal unions are quite forgetting this great chapter in American labor law. They are going along with a hitching together of postal rates and postal wages. The argument for the postal rates in no small measure is based upon the fact that the Government cannot pay the wages for which the postal employees are asking unless the revenue of the Postal Department is increased. That is the old argument of financial capacity to pay. I am surprised and dumbfounded that the leaders of the postal unions should get caught in that kind of untenable position. They know I disagree with them and that I do not support them. I certainly do not support them.

I am satisfied that as time passes, and the rank-and-file of the postal employees come to understand what is involved in this measure, the union officials will be surprised to learn that, contrary to the nasty telegrams I have received, I have not lost as many votes, if anyone wishes to put it on a political basis, as they would like to imply by their threats.

I have never voted in the Senate on the basis of what the political consequences will be, and I shall not start with the postal workers of America. I shall continue to do everything I can to get a substantial increase in pay for the postal workers, because they are entitled to it. But I shall not agree to a bad public policy as a means of getting a good public policy. That is the worst kind of political, legislative expediency. If used, it would set a precedent of tying salaries to rates for all time, and could deny the postal workers deserved raises in the future.

The leaders of the postal unions say they already have a couple of precedents for their action. I say they had better get away from them. They had better not establish a third one, because if they go ahead and establish a third one as deep as this will be, by tying the two bills together, it will be a long time, in my judgment, before the postal wage increases will be separated from increases in postal rates.

Rates and salaries are separate issues, to be determined by separate standards. The employee representatives who are seeking to tie the pay raise to a 5-cent postage stamp, in the expectation that the President would be more inclined to sign such a bill, are making a grave mistake in judgment. Their pay raise has merit in itself; it stands on its own feet as being desirable. In my opinion, the 5-cent stamp does not.

It is my hope that we can arrive at a sound policy on both issues, considered separately. I believe we can, but only if they are considered separately.

EXHIBIT 1

POSTAL POLICY IN EARLY AMERICA

Whether the Post Office Department should be regarded essentially as a service institution or as a self-supporting enterprise is a question of basic policy that was debated even before the United States Government was created under the Constitution in 1789. Another policy alternative of considerable consequence during the early years of the Republic urged that the postal service be so conducted as to produce a revenue for the public treasury. Indeed, al-

though the service versus self-supporting conceptions were argued, the greater controversy during this formative period seems to have been over whether the Post Office should be a service, preferably self-supporting, or a source of revenue.

Even in 1789 the elements of these questions had long antecedents. Some historical facts and perspective are, therefore, necessary before the issue can be discussed and appraised.

Some form of postal activity in this country dates back more than 300 years, to 1639, when the General Court of Massachusetts designated a tavern as an official repository for mail. The first regularly scheduled movement of mail was inaugurated in 1673, between Boston and New York, but it lasted only a few months.

By 1693 the Colonies had grown to the point where the British King, who, of course, had complete authority, believed that a postal system would be profitable. Such a system was established, and this time it endured. The British maintained their postal monopoly until July of 1775, when the Continental Congress passed a law which, for the first time, established an American postal service. For a few months it operated side by side with its British counterpart, but on Christmas Day, 1775, the English system ceased its operations forever.

The British postal organization in the American colonies had as its primary purpose the production of revenue for the British crown. The service was poor; the rates were high; and, worst of all, the authorities were empowered to open any letter, thereby violating every concept of the privacy of the mail. All of these factors supplemented the other antagonisms that the colonists felt toward the British, and it is no exaggeration to say that the King's postal policies helped to bring on the Revolutionary War.

The revenue-raising philosophy of the English Government with regard to the mail had another profound and far-reaching effect upon the colonists. It predisposed them to think of their postal system in terms of a service rather than as a source of revenue. One writer on postal policy expressed this attitude as follows:¹

"The policy is the thing. It is that which determines methods and results. The policy of postal profits for the King led to the downfall of the system and the establishment of an institution with an entirely different policy—that of service of the people. One thing was permanently settled by the record made under the original policy. Since Christmas Day, 1775 [the date the British postal system went out of business], American public sentiment had steadfastly rejected any suggestion that the Post Office should be a source of revenue to the Government, through profits from its operation."

Although this quotation might need some qualification, it would appear to be basically sound.

One of the first expressions of colonial thinking about postal policy is contained in a resolution passed in the spring of 1775 by the Continental Congress. This resolution to establish the postal system said, in part:²

"That the several deputies account quarterly with the general post office, and the Postmaster General annually to the Continental Treasurer, when he shall pay into the receipt of the said Treasurer the profits of the Post Office; and if the necessary expense of this establishment should exceed the produce of it, the deficiency shall be

made good by the United Colonies, and paid to the Postmaster General by the Continental Congress."

The wording of this resolution would indicate that the revenue aspects were clearly subordinate to the service features of the Post Office.

A slightly different emphasis concerning postal policy is set forth in the Articles of Confederation, the document creating the government which loosely united the Colonies, or States, between 1761 and 1789. Article IX of this document says, in part:

"The United States in Congress assembled shall * * * have the sole and exclusive right and power * * * of establishing and regulating post offices from one State to another, throughout all the United States, and exacting such postage on papers passing through the same as may be requisite to defray the expenses of the said office."

The idea here would seem to be that the Post Office Department ought to pay its own way.

The Constitution of the United States speaks only briefly of the postal system. In giving the Federal Government control of the mails, section 8 states simply: "The Congress shall have power * * * to establish post offices and post roads."

A proper policy for the new Post Office was considered by the Constitutional Convention in 1787. Two of the delegates, Charles Pinckney of South Carolina and William Paterson of New Jersey, suggested revenue plans, but they were not accepted. In the words of one writer:³

"The Pinckney plan provided that Congress should have power to 'establish post offices and raise a revenue from them.' It received no serious consideration. On June 15, Mr. Patterson [Paterson], of New Jersey, a vigorous advocate of the smaller States, suggested a provision that Congress be empowered to raise 'revenues by a postage on all letters and packages passing through the general post office, to be applied to such Federal purposes as they shall deem proper and expedient.' This suggestion was decisively rejected as was also the theory behind it."

That great American political testament, the Federalist Papers, written to urge adoption of the new Constitution, refers only once to the proposed postal system. The importance of the system to the writer is indicated by the following passage:⁴

"The power of establishing post roads must, in every view, be a harmless power, and may, perhaps, by judicious management, become productive of great public convenience. Nothing which tends to facilitate the intercourse between the States can be deemed unworthy of the public care."

The Post Office was originally placed in the Treasury Department, and this fact has been cited as indicating that it was intended to be a revenue-producing agency. It is true that the Post Office did not become a full-fledged executive department until 1872 but its position in the Treasury Department was regarded as both nominal and somewhat anomalous almost from the beginning of the United States, and the Postmaster General has been a member of the President's Cabinet since 1829.

There is some reason, however, to think that Alexander Hamilton, Washington's Secretary of the Treasury, regarded the Post Office as a revenue agency, at least to the extent that its excess revenue be used to pay off the domestic debt.⁵ It is interesting also to note that Thomas Jefferson may have been for a time uncertain about the basic postal policy in 1792, but the following pass-

¹ Kelly, Clyde, United States Postal Policy, New York, D. Appleton & Co., 1931, p. 19.

² Rich, Wesley Everett. The History of the United States Post Office to the Year 1829. Cambridge, Harvard University Press, 1924. p. 48. Quoted.

³ Kelly, p. 35.

⁴ Madison, James. The Federalist Papers, No. 42, 1788.

⁵ Rich, op. cit., p. 148.

age would indicate that his doubts were resolved by the postal act of that year (1 Stat. 232):⁶

"I had hitherto never spoken to him [Washington] on the subject of the Post Office not knowing whether it was considered as a revenue law, or a law for the general accommodation of the citizens; * * * the law just passed seemed to have removed all doubt by declaring that the whole profits of the office should be applied to extending the posts, and that even the past profits should be refunded by the Treasury for the same purpose."

Other significant postal legislation was enacted in brief and fairly regular intervals for the next few years. Its general tendency seemed to place progressively less emphasis upon revenue, and progressively more emphasis upon service. For example, an act of 1794 (1 Stat. 354) partially tied the movement of the mail to the condition that "the expense thereof shall not exceed the revenue arising." A more liberal policy was set in 1797 (1 Stat. 509) when it was decided to sustain a losing route except one "which shall not, after the second year from its establishment, have produced one-third of the expense of carrying mail on the same."

In 1799 Congress enacted a law (1 Stat. 7733) providing for payment of the expenses of the General Post Office in Washington from the Treasury rather than from postal receipts. Other liberalizing laws, making more and more generous the subsidies to losing mail routes, were passed in 1814 and 1825.

The problem of postal policy during the whole period of the development of the United States has been summarized by Dr. Wesley E. Rich as follows:⁷

"The first years after the adoption of the Constitution were taken up with experiments and with the adjustment of many problems as to the organization and policy of the [Post] Office. * * * Two policies appeared quite clearly in those early days. On the one hand the fiscal tradition of the post as a source of revenue still prevailed, and on the other the idea of rapid extension of service to the public was also in men's minds. The results of the conflict between these two ideas may be seen in the discussions and laws of the time. * * * As time passed * * * the policy of service came to be dominant over the desire for revenue. It is difficult to say just when the balance shifted, but the change can be traced in a long series of laws. Especially after 1820, its results can be seen in the rapid expansion of post roads, the decline in net revenue, and the changed attitude of the Treasury officials toward postal receipts."

This summary appears to be in accord with the views of President James Monroe, who said in a message to Congress in 1822 that the Constitution gives the Government the authority to make the Post Office "as useful as possible. Post offices were made for the country and not the country for them. They are the offspring of improvement."⁸

Of the various conflicting conceptions of what postal policy should be in the newly created United States of America, the most persistent and recurring theme seems to be the idea of service. Closely allied to the basic policy of service is the hope, or the desire, or the intention, or perhaps some combination of all three of these factors, that this service be self-supporting. The more extreme positions, that the Post Office operate as a matter of policy with a deficit to be made up from the Treasury, or that it operate only under a policy that would result in a profit, seem to have received far less extensive discussion or consideration.

In conclusion, a portion of the thoughtful analysis by Dr. Rich might be both appropriate and informative:⁹

"In summing up the development of the Post Office in the first 40 years after the adoption of the Constitution, it may be said that during this period there grew up a policy which came to be accepted as the traditional American policy for the Office. The aim was service rather than revenue, and to this end the receipts were put back into the extension of roads to all parts of the country. For the period when the country was young and rapidly growing, the policy was undoubtedly of immense value to the Nation. Above all, it serves to emphasize the fact, often neglected in discussion concerning the Post Office, that this important activity of Government is more than a mere fiscal device, or even a vast industrial enterprise. It is a social force of great magnitude."

Mr. MORSE. Mr. President, I ask unanimous consent to have printed at this point in the RECORD, as a part of my remarks—without taking the time to read it to the Senate—the answer of the Association of First Class Mailers to the press release of yesterday by Mr. Summerfield, in which Mr. Summerfield attempted to reply to the association's advertisement under date of February 25.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

FIRST CLASS MAILERS REPLY TO SUMMERFIELD

The Association of First Class Mailers today issued the following statement in reply to Postmaster General Summerfield's attack on the association's advertisement in the February 25 Washington Post headed, "The Wooden Nickel Comes Back":

"Mr. Summerfield's attack is totally unwarranted. Since he chooses to resort to name-calling, it remains for us to keep presenting the facts to the American people. The facts are these:

"The Postmaster General put out an annual cost ascertainment report. The latest available is for fiscal 1956. Chart 7 of this report, headed 'Allocated Postal Revenues and Expenditures, Classes of Mail and Special Services,' page 82, plainly shows that first-class mail revenues were \$1,013.7 million and expenditures \$978 million. Simple subtraction shows this to represent a \$35.7 million excess of revenue over expenditures.

"It is not until 29 pages later (p. 111) that Mr. Summerfield produces certain so-called nonbudgetary cost additions in an attempt to show that first-class mail had a year-end deficiency of \$29.8 million. Even under this device his figures show that first-class letter mail, which produces 93 percent of the revenue for the whole class, had an excess of revenue of \$2.8 million.

"Further to make his tenuous case, Mr. Summerfield saddles first class with an additional \$316 million as estimated reallocation of costs for intangible factors. In all the history of Cost Ascertainment by Postmasters General, no such figure was ever entered into the records by any perversive Postmaster General, including Mr. Donaldson, who was a career official and accordingly should have known every valid mathematical fact about the Post Office.

"We are confident the American people consider this intangible factor too thin a pretext for imposing a heavy stamp tax on their letters.

"The Postmaster General makes it plain that 75 percent of first-class mail is used by business. The following facts must be obvious: (1) Business will find ways of de-

creasing its use of first-class mail. When the 1-cent post card was increased to 2 cents, its use was decreased considerably. (2) Approximately 50 percent of the return from higher rates will come from the Treasury Department because of decreased profits. At a time when tax decreases are being debated it seems highly unsuitable to put a stamp tax on businesses' most important arm of communication."

Mr. MORSE. Mr. President, on behalf of myself, the Senator from Texas [Mr. YARBOROUGH] and the Senator from Wisconsin [Mr. PROXMIRE], I submit an amendment which I ask to be printed and lie on the table, to receive due consideration at the appropriate time from the parliamentary point of view.

The PRESIDING OFFICER (Mr. FREAR in the chair). The amendment will be received and printed, and will lie on the table.

Mr. MORSE. Mr. President, this amendment will enable the servicemen stationed overseas to send and receive letters free of postage. Mail addressed to APO and FPO numbers would go free. Rates for packages would be kept at existing levels, under this amendment.

During periods of war we have authorized the men and women in service to mail letters for nothing. I think it is appropriate to establish that practice as one of the public services described in the policy declaration of this bill.

This afternoon I have discussed those public services. This is one of the public services which in my judgment is encompassed by the postal service, in view of its purpose and intent.

Under my amendment, the service would be extended to include mail received by servicemen from their friends and relatives. It would also expand the service, so that the rates for sending and receiving packages to and from Army and fleet post offices would not be raised above current rates.

Mr. President, I wish to point out that an overwhelming number of these people are serving overseas, in the uniform of their country, under the Selective Service Act. We have sent them there. So I believe they should at least be able to write letters back home and receive free postal service in that connection, and I believe that their friends and relatives should be able to write to them and not have to pay even the 4-cent rate, to say nothing of the 5-cent rate.

I should also like to point out that my amendment is quite consistent, I believe, with the historic purposes of the postal system.

Mr. President, I ask that the amendment be printed at this point in the RECORD.

There being no objection, the amendment submitted by Mr. MORSE, on behalf of himself, Mr. YARBOROUGH, and Mr. PROXMIRE, was ordered to be printed in the RECORD, as follows:

On page 43, between lines 2 and 3, insert a new section as follows:

"MAIL TO AND FROM ARMY AND FLEET POST OFFICES

"SEC. 206. (a) Any first-class letter-mail matter admissible to the mails as ordinary mail matter which is sent by or to any person having an Army post office or fleet post office address shall be transmitted in the

⁶ Ibid., p. 113. Quoted.

⁷ Ibid., p. 164.

⁸ Ibid.

⁹ Rich, op. cit., p. 169.

mails free of postage, subject to such regulations as the Postmaster General may prescribe.

"(b) Any airmail and any package subject to third- or fourth-class rates which is sent to or by any person having an Army post office or fleet post office address shall be transmitted in the mails at the rates applicable thereto on the date of enactment of this act, subject to such regulations as the Postmaster General may prescribe."

Mr. MORSE. Mr. President, I now submit, and send to the desk, another amendment, which I ask to have printed and to lie on the table. The amendment is as follows:

On page 35, in the table appearing after line 18, strike out the matter following the words "Advertising portion:" and insert in lieu thereof the following:

"1st and 2d zones.....	2.7	3.5	4.3
3d zone.....	3.6	4.7	5.7
4th zone.....	5.5	7.0	8.6
5th zone.....	7.3	9.4	11.4
6th zone.....	9.1	11.7	14.3
7th zone.....	10.9	14.0	17.2
8th zone.....	12.7	16.4	20.0"

The PRESIDING OFFICER. The amendment will be received and printed, and will lie on the table.

Mr. MORSE. Mr. President, this amendment would raise rates for advertising matter by 40 percent of current rates the first year, 40 percent the second year, and 40 percent the third year. This would replace the three 20-percent increases provided in the committee bill. By the end of the third year, under my amendment, the rates for advertising matter sent second class would be about double what they are now. Under the committee bill, they would be only about 60 percent higher at the end of the third year.

My amendment would not change the committee proposal for the rates on non-advertising matter.

Judging from the chart placed in the RECORD on yesterday, second-class mail pays about 20 percent of the cost allocated to it. Under the committee amendment, it would still pay less than 30 percent, although it is proposed that the first-class mail users pay between 138 and 140 percent of the cost of sending their letters. Even if my amendment is adopted, the second-class mail would still pay less than half the cost allocated to it.

This amendment does not provide for a sliding scale based on the income of the publisher, as in the case of the Clark-Proxmire amendment.

It is simply my feeling that the rates for second-class mail should be doubled, based on their present low rates; and that is exactly what my amendment would do.

Mr. President, in my opinion, this problem becomes one of adopting a rule which will meet generally the very common and commonly accepted criterion of reasonableness. I would have the Senate approach the matter from the standpoint of that criterion. I take the position that sending second-class matter through the mail, but charging only 20 percent or 30 percent of the cost of carrying it, is unreasonable and unfair to the taxpayers of the country, and is wrong and unjust.

Mr. President, what would be fair? Honest and reasonable men may differ as to that, of course. I believe that double the present rate would be about right, at least for the time being. That would be fair, reasonable, and equitable, in my judgment. So that is what I propose by means of the amendment—namely, to double after 3 years the rate now charged by the Post Office Department for carrying the second-class mail. When that is done, as I have just said, those who send such mail, and also those who send the third-class mail, will still pay only about one-half of the actual cost of carrying it.

I repeat that I believe the postal service today is a great educational institution. It is one of the great strengths of our democracy, when it comes to the matter of keeping the people enlightened. I want the newspapers, the magazines, and the other sources of information which are carried through the mail to reach the American people at reasonable cost. But I believe it is quite different to let those who send such mail do so—particularly when they make great commercial profits from it—at only 20 or 30 percent of the cost of carrying it.

If we let that mail be carried by the Post Office Department at a cost of approximately one-half of what it costs the taxpayers of the country, I believe we shall be very fair, very reasonable, and very equitable.

In my opinion, we shall then be striking a fairly good balance as between the desirability and the importance of having information circulated to the people who live in a democracy—for which all the taxpayers should pay approximately 50 percent—and the requirement that those who receive the information likewise pay about 50 percent of the cost. In other words, this amendment is based on the good old formula of 50-50. That makes a great deal of commonsense. So I offer it in the form of my amendment.

Mr. President, before I yield the floor, I ask unanimous consent to have printed at this point in the RECORD a telegram I have received today from Mr. J. Tracy Barton, of The Dalles, Oreg.

There being no objection, the telegram was ordered to be printed in the RECORD, as follows:

THE DALLES, OREG., February 26, 1958.
Senator WAYNE MORSE,
Senate Office Building,
Washington, D. C.:

Hurray for your stand on the postal bill. You are a Senator who votes in Washington as you talk at home.

J. TRACY BARTON.

Mr. MORSE. Mr. President, I yield the floor.

Mr. JOHNSTON of South Carolina. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The Chief Clerk proceeded to call the roll.

Mr. JOHNSTON of South Carolina. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. MONRONEY. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. MONRONEY. The pending amendment is the amendment proposed by the Senator from Idaho [Mr. CHURCH], the Senator from Wisconsin [Mr. PROXMIRE], and myself; and those who desire to vote for a 4-cent rather than a 5-cent postage stamp, will vote "yea." Is that correct?

The PRESIDING OFFICER. The Senator is correct.

Mr. KNOWLAND. Mr. President, on this amendment I ask for the yeas and nays.

The yeas and nays were ordered.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Oklahoma [Mr. MONRONEY] for himself and other Senators. On this question the yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. McNAMARA (when his name was called). I vote "present."

The legislative clerk resumed and concluded the call of the roll.

Mr. MANSFIELD. Mr. President, I announce that the Senator from New Mexico [Mr. ANDERSON] is absent from the Senate today because of illness. The Senator from New Mexico [Mr. CHAVEZ] and the Senator from Wyoming [Mr. O'MAHONEY] are absent on official business. If present and voting, the Senator from New Mexico [Mr. CHAVEZ] would have voted yea.

I further announce that the Senator from New Mexico [Mr. ANDERSON] and the Senator from Nebraska [Mr. CURTIS] are paired. If present and voting, the Senator from New Mexico would vote "yea," and the Senator from Nebraska would vote "nay."

Mr. DIRKSEN. I announce that the Senator from Nebraska [Mr. CURTIS] is absent on official business.

The Senator from Nebraska [Mr. CURTIS] is paired with the Senator from New Mexico [Mr. ANDERSON]. If present and voting, the Senator from Nebraska would vote "nay," and the Senator from New Mexico would vote "yea."

The result was announced—yeas 42, nays 49, as follows:

YEAS—42

Bible	Humphrey	Monroney
Carroll	Jackson	Morse
Church	Johnson, Tex.	Murray
Clark	Johnston, S. C.	Pastore
Douglas	Kefauver	Proxmire
Eastland	Kennedy	Robertson
Ellender	Kerr	Russell
Ervin	Langer	Smathers
Frear	Lausche	Sparkman
Gore	Long	Stennis
Green	Magnuson	Symington
Hennings	Malone	Talmadge
Hill	Mansfield	Thurmond
Holland	McClellan	Yarborough

NAYS—49

Aiken	Byrd	Flanders
Allott	Capehart	Fulbright
Barrett	Carlson	Goldwater
Beall	Case, N. J.	Hayden
Bennett	Case, S. Dak.	Hickenlooper
Bricker	Cooper	Hoblitell
Bridges	Cotton	Hruska
Bush	Dirksen	Ives
Butler	Dworshak	Javits

Jenner	Payne	Smith, N. J.
Knowland	Potter	Thye
Kuchel	Purtell	Watkins
Martin, Iowa	Revercomb	Wiley
Martin, Pa.	Saltonstall	Williams
Morton	Schoeppel	Young
Mundt	Scott	
Neuberger	Smith, Maine	

ANSWERED "PRESENT"—1

McNamara

NOT VOTING—4

Anderson	Curtis	O'Mahoney
Chavez		

So the amendment offered by Mr. MONRONEY for himself and other Senators was rejected.

Mr. CARLSON. Mr. President, I move to reconsider the vote by which the amendment was rejected.

Mr. KNOWLAND. Mr. President, I move to lay that motion on the table.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from California to lay on the table the motion of the Senator from Kansas.

The motion to lay on the table was agreed to.

The PRESIDING OFFICER. The bill is open to further amendment.

Mr. JOHNSON of Texas obtained the floor.

Mr. SALTONSTALL. Mr. President, will the Senator yield?

Mr. JOHNSON of Texas. I yield to my friend, the Senator from Massachusetts.

Mr. SALTONSTALL. Is it proper to offer an amendment at this time?

Mr. JOHNSON of Texas. Certainly. I yield so that the Senator may be recognized for that purpose.

Mr. SALTONSTALL. Mr. President, in my name and for Senators BRIDGES, BRICKER, SMATHERS, COOPER, PURTELL, MORTON, JENNER, and MAGNUSON, I offer an amendment to the bill presently under consideration.

The PRESIDING OFFICER. The amendment offered by the Senator from Massachusetts for himself and other Senators will be stated.

The LEGISLATIVE CLERK. On page 42, it is proposed to strike out lines 11 through 23 and insert the following:

(c) (1) The first section of the act entitled "An act to readjust the size and weight limitations on fourth-class (parcel post) mail," approved October 24, 1951 (65 Stat. 610; 39 U. S. C. 240a), is amended by striking out the words "over eight ounces" each place they appear therein and inserting in lieu thereof the words "sixteen ounces or over."

On page 42, line 24, strike out "(3)" and insert "(2)."

On page 47, strike out lines 11 and 12 and insert in lieu thereof the following:

(e) Section 205 (c) of this title shall become effective on July 1, 1958.

Mr. JOHNSTON of South Carolina. Mr. President, as chairman of the committee, I accept that amendment.

Mr. NEUBERGER. Mr. President, may I ask the distinguished chairman of the committee: What does the amendment do?

Mr. JOHNSTON of South Carolina. It does not do a thing but strike out the weights and measures. It is an amendment of Public Law 199. We will

have hearings on the weights and measures, so everyone who desires can be heard.

Mr. NEUBERGER. In other words, the changes made in the pending bill regarding weights and measures of parcel-post packages are eliminated?

Mr. JOHNSTON of South Carolina. We will strike that portion out. So far as I am concerned, as chairman of the committee, I wish to have that done.

Mr. MONRONEY. Mr. President, I should like to announce that as the ranking Democrat on the committee I concur with the chairman. I have talked to most of the committee members on our side and they also favor striking that matter from the provisions of the bill.

Mr. NEUBERGER. I concur in the decision of the chairman of the committee, and of the ranking Democratic member of the committee, to eliminate that section of this bill which revises existing provisions dealing with postal weights and measures.

The PRESIDING OFFICER. Is there objection?

Mr. CASE of South Dakota. Mr. President, reserving the right to object, I should like to ask the author of the amendment whether the amendment relates to fourth-class parcel-post mail.

Mr. SALTONSTALL. My answer to that question is "Yes." This amendment would leave the law with relation to the limitations on weight and size of parcel-post packages as it now stands. That would leave the question of such limitations open for determination at a later date, if the question is raised in connection with a bill dealing with that subject. It is not a proper subject for a bill dealing with postal rates.

I am glad the chairman of the committee has accepted the amendment.

I ask unanimous consent to have printed in the RECORD a very brief statement in explanation of the amendment.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

STATEMENT BY SENATOR SALTONSTALL

I wish to submit for myself, Senator BRIDGES, Senator BRICKER, Senator SMATHERS, Senator COOPER, Senator MORTON, Senator JENNER, and Senator MAGNUSON an amendment to H. R. 5836 which was reported yesterday by the Committee on Post Office and Civil Service.

The purpose of my amendment is to avoid making a decision with respect to a change in the present law relating to the size and weight of parcel post inasmuch as witnesses entitled to be heard have not been heard. Without passing on the merits of the proposed change, I do believe that such a proposal warrants thorough consideration before it is brought to the Senate floor.

Under existing law, Public Law 199 of the 82d Congress, which took effect on January 1, 1952, parcel post material mailed at a first-class office is limited in size to 72 inches in girth and length combined, and in weight as follows: not exceeding 40 pounds for delivery in the first and second zones; not exceeding 20 pounds for delivery in the third and eighth zones.

Under provisions of H. R. 5036 as passed by the House, these size and weight limitations on parcel post were not effected.

Under the Senate committee bill these limitations in Public Law 199 are changed

by subsection 205 (c) (1) so that packages up to 84 inches in girth and length combined and up to 40 pounds may be mailed by parcel post in first-class post offices to all zones.

My proposed amendment would delete these changes in Public Law 199 which are made by the committee's bill.

In proposing this amendment I do not want to be considered as going on record against so increasing the size of packages which may be mailed by parcel post. I am, however, strongly opposed to these changes being made a part of this postal-rate bill.

I believe it has been the understanding of all the members that H. R. 5836 was a bill dealing with postal rates, certainly this has been my understanding. The matter of the size and weight of packages which may be mailed by parcel post raises a question about the kind of service which the Post Office Department should render rather than the rate the Department should charge for service.

It is my understanding that in all the hearings which have been held on H. R. 5836 it has at no time been the purpose to receive testimony relating to the size and weight limitations on parcel post. I am told that a few witnesses did talk about this subject but at several points in the record of the hearings it was made clear that the committee was not concerned with considering changes in Public Law 199.

Public Law 199 was enacted to reduce the quantity of packages handled by parcel post; to get the Post Office Department out of the freight business; to avoid substantial expenditures for expanded facilities and increased expenses incident to handling large quantities of parcel-post business; and to cut down the operating loss which the Post Office Department was then experiencing on parcel-post service. For many years before Public Law 199 was enacted in 1951 (to take effect on January 1, 1952) the weight and size limitations were 70 pounds and 100 inches (of combined length and girth). Public Law 199 reduced the maximum weight and size limitations as I have already stated.

The increased size and weight limitations on parcel post contained in the committee bill are a matter of serious concern to the Railway Express Agency, which, I am told, would suffer a substantial loss of business to parcel post.

I am told it would lose several million dollars of revenue and would therefore have to furlough many thousands of its employees throughout the country. Of course the increase in parcel post business would subject the Post Office Department to just the sort of increased loads which Public Law 199 was supposed to avoid.

Neither the Post Office Department nor the Railway Express Agency testified at the hearing about changing the size and weight limitations on parcel post. There was no occasion for such testimony since the legislation under consideration related to postal rates and not the nature of postal service.

Those who would like to see the parcel post service enlarged as proposed by the committee bill should understand that the amendment I propose takes nothing away from them. All it does is to keep the law on parcel post as it has been for the past 6 years.

If Congress is to consider a change in size and weight limitations for parcel post it should be done by a separate bill on which hearings could be held to obtain the views of the Post Office Department, the Railway Express Agency and other interested parties. It seems to me that this is the only proper way to consider such changes. They should most certainly not be tacked on to this postal rate bill.

The PRESIDING OFFICER. The question is on agreeing to the amendment

offered by the Senator from Massachusetts [Mr. SALTONSTALL] for himself and other Senators.

The amendment was agreed to.

ORDER FOR ADJOURNMENT TO 11 A. M. TOMORROW

Mr. JOHNSON of Texas. Mr. President, I ask unanimous consent that when the Senate concludes its business today it stand in adjournment until 11 o'clock tomorrow morning.

The PRESIDING OFFICER. Without objection, it is so ordered.

LEGISLATIVE PROGRAM

Mr. JOHNSON of Texas. Mr. President, it is our hope that by convening at 11 o'clock tomorrow we can finish consideration of the bill and also act upon the classified pay bill tomorrow. In the event that we cannot complete action on both bills by a reasonable hour tomorrow evening—I would say 6:30 or 6:45—then we will meet on Friday to conclude consideration of the pay bill.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Maurer, one of its reading clerks, announced that the House insisted upon its amendment to the bill (S. 1002) to enable the Secretary of Agriculture to extend financial assistance to desert-land entrymen to the same extent as such assistance is available to homestead entrymen, disagreed to by the Senate; agreed to the conference asked by the Senate on the disagreeing votes of the two Houses thereon, and that Mr. COOLEY, Mr. POAGE, Mr. GATHINGS, Mr. HILL, and Mr. HOEVEN were appointed managers on the part of the House at the conference.

USE OF SENATE CAUCUS ROOM BY WALTER REUTHER FOR PRESS CONFERENCE

Mr. KNOWLAND. Mr. President, I wish to make a brief statement. I attempted to get in touch with the custodian of the Senate Office Building to develop the full facts. I understand that permission was given to use the caucus room of the Senate for a press conference by Mr. Walter Reuther.

I have no objection, and I am sure no other Senator has any objection, to any person holding a press conference in his own building or office or at a hotel but I very much question the advisability of turning over the caucus room of the United States Senate to a person not a Member of the Senate at a time when the committee itself is not meeting. I question the advisability of turning over the caucus room to someone outside for a press conference in order to make a public attack upon a Member of the United States Senate.

I shall try overnight to develop the full facts from the custodian of the building and from others who may have granted permission to use the caucus room, to see what the practices and customs of the Senate are in this connection.

I would stand on the floor and object in the same way if Mr. Walter Kohler had had the caucus room of the Senate turned over to him for the purpose of making an attack on a Senator on the other side of the aisle, or a Senator on this side of the aisle, with whom he did not happen to agree.

I think the practice is a bad one. I hope the Committee on Rules and Administration will go into the situation. There is nothing to prevent any person from holding a press conference at a hotel, at his own office, or anywhere else; but I doubt very much whether the caucus room of the United States Senate should be turned over for that purpose.

Mr. GOLDWATER. Mr. President, inasmuch as I was the recipient today of Mr. Reuther's attack, I had no intention of making any comments about it on the floor. However, inasmuch as my distinguished leader has seen fit to call attention to what I believe to be a rather unusual procedure, I think I would be remiss in my duty to myself if I did not make a statement.

Mr. Reuther accused me today of being a moral coward. In my section of the country when one calls a man a coward he smiles. I could not tell whether Mr. Reuther was smiling or not, because he is such a coward that he locked the door and would not let anyone in except members of the press. I was unable to attend. My assistant was unable to attend. The assistant of the Senator from California was denied access to the room. So I say that this man, before he casts aspersions on others, should look into the mirror and find out who is a coward.

He says that I have "run out on him." Let me tell the Senate about a little experience which I have had with this "moral" individual, who preaches morality at every step, but practices immorality at every other step.

During the campaign of 1956 he asked me to come to Detroit to debate with him. If he is operating a debating society, that is one thing. If he is operating a union, that is another thing. I told him at the time that I could not come to Detroit in the fall, because I was engaged in a political campaign of my own. I did ask him to call me after the first of the year, and I told him that I would be very happy to come to Detroit.

Months went by. Finally I received a letter inviting me to come to Detroit to engage in a debate with Mr. Reuther, giving me the choice of two dates. I selected one which was agreeable to me, and which I was sure was also agreeable to him. I accepted a challenge to appear on a 15-minute radio program. I insisted on paying half the cost, because I insisted that no union should use union dues for such purpose. Mr. Reuther and his friends reluctantly agreed. The charge was to be \$75.

Evidently they did not want GOLDWATER in Detroit, and they decided it would be a half-hour show, and that it would cost GOLDWATER \$150. I said, "All right; we are in it, and we will go." Reuther was to be my opponent.

Ten days before the event was to occur, I was informed that Mr. Reuther could not make it. In addition, it was decided that the show should be a tele-

vision show, and that my cost would be \$750. They were trying to run me out, but I do not run very easily. This excursion to Detroit cost me \$1,000 out of my pocket.

This man, who has the guts to stand up and say that I am a moral coward, ran out on me. I have debated with three different members of unions in the past year and a half. If he wants to debate to cover up his deficiencies and his lies, I am perfectly willing to debate with him anywhere. I do not see where it would get us, because he does not know the truth from his left foot, or his right foot.

Yet this man comes into a building of the United States Senate and makes charges against a United States Senator, when he does not have the guts to let the Senator know what he intends to say. Instead, he has the temerity to lock the door so I cannot come in, and no one else can come in except members of the press.

Mr. Reuther has tried, through the years, to answer the accusations I have made against him by calling me a moral coward and a political hypocrite. Frankly, that last one has me a little stumped. I do not know how to interpret it. Let him stand up against the truth, which will be developed in a series of hearings. As for myself, I would rather have Jimmy Hoffa stealing my money than Walter Reuther stealing my freedom.

Mr. HUMPHREY. Mr. President, it seems to me that before the discussion goes much further, it would be well to ascertain, first of all, whether or not any responsible member of the Government, any employee of the Senate, or any Member of the Senate, made available to Mr. Walter Reuther the caucus room of the United States Senate.

Mr. HENNINGS. Mr. President, the distinguished minority leader [Mr. KNOWLAND], suggested that the Committee on Rules and Administration inquire into this subject. I wish to make it abundantly clear that, as chairman of that committee, I know absolutely nothing about the case. The subject was never mentioned to me or brought before the committee. For the first time I learn that this press conference was held.

I want the Senate to know that neither the chairman of the Committee on Rules and Administration nor, so far as I know, any employee of the committee, had anything whatever to do with making any room available to any individual not a Member of the United States Senate.

Mr. HUMPHREY. Mr. President, I understood that the request of the minority leader was for the Committee on Rules and Administration to make an inquiry.

Mr. KNOWLAND. That is correct.

Mr. HUMPHREY. The Senator had not said that such an inquiry had been undertaken.

Mr. KNOWLAND. No.

Mr. HENNINGS. I understood that perfectly.

Mr. KNOWLAND. I thank the distinguished chairman of the Committee on Rules and Administration for his very clear statement on the floor. I hope

Digest of CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF BUDGET AND FINANCE
(For Department Staff Only)

Issued February 28, 1958
For actions of February 27, 1958
85th-2d, No. 31

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HIGHLIGHTS: Several Representatives defended, and others criticized the Secretary's farm policies. House committee reported Treasury-Post Office appropriation bill. Sen. Proxmire criticized USDA's farm income figures. Sen. Watkins inserted editorials commending Secretary. Sen. Proxmire introduced and discussed forest products research bill. Sen. Cooper and 9 Representatives introduced and Sen. Cooper discussed bills to prohibit marketing second tobacco crop from same acreage allotment.

HOUSE

- 1. FARM PROGRAM.** Several Representatives defended the Secretary's farm policies as a sound solution to the farm situation. Several others criticized his farm policies as a failure in solving present farm conditions. pp. 2654, 2655, 2660-66, 2670-75
- 2. TREASURY-POST OFFICE APPROPRIATION BILL, 1959.** The Appropriations Committee reported without amendment this bill, H. R. 11085 (H. Rept. 1431). p. 2677
- 3. FLOOD CONTROL.** The Rules Committee reported a resolution for consideration of S. 497, the rivers and harbors, and flood control bill. p. 2677
- 4. RECLAMATION.** A subcommittee of the Interior and Insular Affairs Committee ordered reported to the full committee S. 2037, to authorize the performance of necessary protection work between the Yuma project and Boulder Dam, and S. 1031, with amendment, to construct and maintain four units of the Greater Wenatchee project, Wash. p. D152

5. ECONOMIC COMMITTEE. Received the 1958 Joint Economic Report from the Joint Economic Committee (H. Rept. 1409). p. 2677
6. CIVIL DEFENSE. Both Houses received from the Civil Defense Administration a proposed bill "to extend the provisions of title III of the Federal Civil Defense Act of 1950, as amended"; to Armed Services Committees. pp. 2571, 2677
7. FOREIGN TRADE. Passed as reported H. R. 5005, to suspend for two years the duty on crude chicory, and establish a new basic statutory rate of two cents per pound for chicory. p. 2650
8. FARM BUREAU. Rep. Abernethy paid tribute to the late Edward A. O'Neal, former president of the American Farm Bureau Federation. pp. 2652-53
9. LEGISLATIVE PROGRAM. Rep. McCormack announced that the Consent Calendar will be called Mon., Mar. 3, followed by consideration of the Treasury-Post Office appropriation bill Tues., and on Wed., Thurs., and Fri., H. R. 8002, the accrued expenditure budget bill, H. R. 376, to prohibit trading in onion futures, H. R. 4504, the wholesale terminal market facilities bill, and S. 49, the rivers and harbors, and flood control bill. p. 2651
10. ADJOURNED until Mon., Mar. 3. p. 2677

SENATE

11. FARM PROGRAM. Sen. Watkins contended criticism of the Secretary should be directed against the legislation he enforces, and inserted three editorials and two articles commending the Secretary. pp. 2636-8
Sen. Humphrey inserted resolutions of the Central Minn. Creamery Operators & Dairymen's Ass'n, urging continuance of present dairy support prices, support for the school-lunch milk program, and favoring amendment of the milk-marketing orders including downward revision of prices when production exceeds 115% of market requirements and elimination of restrictions on receiving milk from outside the milkshed. pp. 2572-3
Sen. Hill commended the life of Edward A. O'Neal, former President of the American Farm Bureau Federation, who died Feb. 26. p. 2616
12. FARM INCOME. Sen. Proxmire criticized the Department's statistics on farm income and contended that per capita income had not risen, alleging that the estimate of an 8% drop in farm population is not borne out by the evidence which showed only a 2.3% drop in the number of farms. p. 2582
13. FORESTS. The Armed Services Committee ordered reported with amendments S. 3262 to authorize Federal grants to construct Olympic facilities for the 1960 winter games on Forest Service land. p. D150
14. FARM LOANS. Sen. Watkins commended the FHA program in Utah for its assistance to owners of small farms, and inserted a letter from State Director Anderson on the work done in the state in July-Dec. 1957. p. 2636
15. POSTAL RATES. Continued debate on H. R. 5836, to readjust postal rates. pp. 2583-2609, 2616, 2631-6

Agreed to the following amendments:

By Sen. Javits to reduce cost of local third-class mail if prepared and sorted as prescribed (p. 2586);

problem is to be faced adequately. Also, appreciating the regional nature of benefits, municipal government appears amply justified in requesting outside financial aid in solving the problem.

For these reasons, the New Hampshire Commission has officially gone on record in favor of the continuation of the grants program. It has been a very significant factor in promoting the pollution control program in New Hampshire over the period during which these funds have been available. Presently the communities of Goffstown, Derry, Dover, and Jaffrey are proceeding because of the program. Likewise, the county institutions for Hillsborough, Rockingham, and Sullivan Counties have taken advantage of these funds to undertake sewage disposal projects. There are many other municipalities, including some of our major ones such as Concord and Nashua, which are in the process of planning sewage disposal projects. All of these projects are premised upon the continued availability of Federal financial assistance and any interruption of aid at this time would have serious and damaging effects.

Moreover, during the last session of the legislature, a bill was introduced to further aid our communities by providing assistance at the State level similar to that from the Federal Government. Recent hearings by the interim legislative council, which acts in an advisory capacity to the legislature, demonstrate that there is widespread support for State aid and there are strong and positive indications that it will become a reality in the 1959 session.

Further, the commission is aware of current consideration being given to transfer responsibility for aid in the construction of sewage disposal projects to the State level with an accompanying release of certain areas of taxation to the States by the Federal Government. Unless and until the States are empowered to and actually adopt such a program, the commission is opposed to the Federal Government withdrawing from the grant-in-aid program under the provisions of Public Law 660.

Very truly yours,

WILLIAM A. HEALY,
Technical Secretary.

THE COMMUNIST THREAT

Mr. BRIDGES. Mr. President, I ask unanimous consent to have printed in the RECORD an editorial from the Manchester Union Leader of February 24, 1958, written by William Loeb, the publisher.

The Manchester Union Leader is the largest daily paper in my home State. Mr. Loeb has consistently and courageously fought against various Communist threats, whether of outright aggression or subversion. I think his remarks opposing aid to Communist Poland and Communist Yugoslavia speak most eloquently for themselves.

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

BRIDGES' PROTEST MAKES SOUND SENSE

Senator BRIDGES' weekend statement to the Nation, attacking the outrageous gift by this country of \$98 million to the Red killers who make up the Communist government of Poland, certainly deserves the praise of every right-thinking American.

Nothing could be more stupid at a time when United States unemployment is almost at the 5 million mark, than to give away our substance to alien enemies who are the blood brothers of the Russian Government, a government sworn to conquer the world and destroy the United States.

Another thought along that same line—if we had taken the billion and a half dollars which over the years we have sent to the Communist government of Yugoslavia, and the approximately \$200 million we have now given the Poles, and if we had used that money to build deep bombproof storehouses for our surplus food and placed those storehouses in every State in the Union, we would be in a much safer position than now in case of an atomic attack.

A sneak attack from our enemies could destroy, temporarily at least, all road and rail communications. We in New Hampshire would face starvation in quick order.

But if the billions, instead of being thrown away on our enemies, had been used to create bombproof food storehouses, we would be able to fight back and survive.

It is not yet too late to commence such a plan.

It is high time to start making plans for the inevitable attack so that when it comes this Nation will survive.

It is now time to discard the leadership of those Republicans and those Democrats who have led this country into the most fantastic program ever embarked on by any nation in the history of the entire world, a program which consists of giving aid and assistance to our enemies and leaving us defenseless at home.

Let's cut off aid to Poland, Yugoslavia, and every other Communist nation tomorrow and start building our bombproof food storehouses. Let's start providing for our own hunger and not for that of our enemies.

WILLIAM LOEB,
Publisher.

READJUSTMENT OF POSTAL RATES

Mr. HOLLAND. Mr. President, if there is no further morning business, I ask unanimous consent that morning business be closed and that the Chair lay before the Senate the unfinished business.

Mr. MORSE. Mr. President—

The ACTING PRESIDENT pro tempore. The Senator from Oregon.

Mr. MORSE. I have a parliamentary inquiry, Mr. President.

The ACTING PRESIDENT pro tempore. The Senator will state it.

Mr. MORSE. Is it in order for me to call up one of my amendments at this time?

The ACTING PRESIDENT pro tempore. First it will be necessary for the Chair to lay before the Senate the unfinished business.

Mr. HOLLAND. Mr. President, I had just requested that if no other Senators desired to transact morning business the Chair declared morning business concluded and lay before the Senate the unfinished business, at which time, of course, the matter mentioned by the distinguished Senator from Oregon would be timely.

The ACTING PRESIDENT pro tempore. Is there further morning business? If not, morning business is closed; and the Chair lays before the Senate the unfinished business.

The Senate resumed the consideration of the bill (H. R. 5836) to readjust postal rates and to establish a congressional policy for the determination of postal rates and for other purposes.

The ACTING PRESIDENT pro tempore. The committee amendment is open to further amendment.

Mr. MORSE. Mr. President, I call up my amendment at the desk marked "2-26-58-E," offered on behalf of myself, the Senator from Texas [Mr. YARBOROUGH] and the Senator from Wisconsin [Mr. PROXMIRE].

The ACTING PRESIDENT pro tempore. The clerk will state the amendment.

The CHIEF CLERK. On page 43, between lines 2 and 3 it is proposed to insert a new section as follows:

MAIL TO AND FROM ARMY AND FLEET POST OFFICES

SEC. 206. (a) Any first-class letter mail matter admissible to the mails as ordinary mail matter which is sent by or to any person having an Army Post Office or Fleet Post Office address shall be transmitted in the mails free of postage, subject to such regulations as the Postmaster General may prescribe.

(b) Any air mail and any package subject to third- or fourth-class rates which is sent to or by any person having an Army Post Office or Fleet Post Office address shall be transmitted in the mails at the rates applicable thereto on the date of enactment of this act, subject to such regulations as the Postmaster General may prescribe.

Mr. MORSE. Mr. President, if I may have the attention of the chairman of the committee, my amendment, as he knows, is certainly a simple one so far as its language is concerned, and I think a very fair and just one so far as its purposes and effects are concerned.

The Senator will note that the amendment seeks to revive the so-called free mailing privileges enjoyed by personnel in the armed services overseas during the last war. It also provides free mailing service for those who write to the men and women in our Military Establishment overseas.

The RECORD should show that I have had a brief conversation with the chairman of the committee, who is willing to discuss the matter with me from the standpoint of whether or not the amendment can be taken to conference. If I correctly understand the chairman, he would be more inclined to suggest that it be taken to conference if I would eliminate from the amendment in paragraph (a) the words "or to", and in paragraph (b) the words "to or", so that it would read:

MAIL TO AND FROM ARMY AND FLEET POST OFFICES

SEC. 206. (a) Any first-class letter mail matter admissible to the mails as ordinary mail matter which is sent by any person having an Army post office or fleet post office address shall be transmitted in the mails free of postage, subject to such regulations as the Postmaster General may prescribe.

(b) Any air mail and any package subject to third- or fourth-class rates which is sent by any person having an Army post office or fleet post office address shall be transmitted in the mails at the rates applicable thereto on the date of enactment of this act, subject to such regulations as the Postmaster General may prescribe.

The first suggested change, if I correctly understand the Senator, would be to eliminate the words "or to", in paragraph (a), the effect of which would be that a man or woman actually in the service who uses the mails would have

the privilege of free postage, which practice was in effect during the war; but those writing to him or her would have to pay the regular rates.

Of course, I prefer the amendment the way it reads, but I have never been one to insist that reasonable compromises should not be agreed to if progress can be made and I feel that no matter of principle is sacrificed thereby. So I ask the Senator if he would take to conference my amendment if I were to agree to limit the free use of the mails to the service personnel themselves. A similar change would have to be made in paragraph (b) in regard to parcel post. We would accord free use of parcel post only in case of packages sent by the personnel themselves, and not in the case of packages being sent to the personnel. That might be even more of a concession on my part, because so many of the packages go to the personnel, rather than from the personnel to the folks back home. But if we can make some progress I am willing to make it. I ask the chairman of the committee what, if any, understanding he thinks I can reach with the committee in regard to any part of this amendment going to conference.

Mr. JOHNSTON of South Carolina. In reply to the Senator from Oregon, I think his amendment goes a little further than we went even during wartime. His amendment, as it stands, would allow people free use of the mails when writing to soldiers, or sending packages to them. I think that goes a little too far. Personally, I should be glad to go along with the Senator and take the amendment to conference so far as concerns the free use of the mails by soldiers writing home, but I do not believe that everyone in the United States ought to be allowed to write to the personnel in our Armed Forces and to send packages to them free of charge. That would be another free ride. The trouble with our postal service today is that every time a bill comes up we attach to it a great many free rides, and yet we want the various classes of mail to pay their way. It cannot be done when someone is getting a free ride. Someone must pay for it. The general public ought not to pay for the free ride. That has been my contention all along.

Mr. KNOWLAND. Mr. President, will the Senator yield?

Mr. MORSE. I yield.

Mr. KNOWLAND. I wonder if either the distinguished Senator from Oregon or the able chairman of the Post Office and Civil Service Committee can enlighten the Senate as to the estimated cost of the amendment proposed by the Senator from Oregon. It seems to me that the Senate should be acquainted with the estimates of cost, as affecting the postal revenues.

Mr. JOHNSTON of South Carolina. This proposal arose very suddenly. We obtained the best estimates we could in regard to the cost of the amendment as related to first-class mail. The cost is estimated to be somewhere in the neighborhood of \$27 million.

Mr. MORSE. Let me say to the Senator from California that I, too, sought

to obtain such information. I have not been as successful as was the chairman of the committee in obtaining an estimate, at least up to this hour. I was told that the cost would be substantial. However, let me make myself very clear on that point. Whatever the cost may be, in my judgment it is a fair amount to set aside for this purpose. I think we should consider it as a part of the cost of conducting military operations.

Mr. JOHNSTON of South Carolina. The cutoff which I have suggested would reduce the cost considerably. The Post Office Department estimates that it would reduce the cost to \$10 million.

Mr. MORSE. The figure of \$27 million would be greatly reduced if I were to accept the proposed modification.

Mr. NEUBERGER. Mr. President—
Mr. MORSE. Before I yield to my colleague, I believe I have the right to modify my amendment.

I modify my amendment as follows:

On page 1, line 4, after the word "by", strike out "or to"; and in line 9, after the word "sent", strike out "to or", so as to make the amendment read:

MAIL TO AND FROM ARMY AND FLEET POST OFFICES

SEC. 206. (a) Any first-class letter mail matter admissible to the mails as ordinary mail matter which is sent by any person having an Army Post Office or Fleet Post Office address shall be transmitted in the mails free of postage, subject to such regulations as the Postmaster General may prescribe.

(b) Any air mail and any package subject to third- or fourth-class rates which is sent by any person having an Army post office or fleet post office address shall be transmitted in the mails at the rates applicable thereto on the date of enactment of this act, subject to such regulations as the Postmaster General may prescribe.

Mr. JOHNSTON of South Carolina. Mr. President, I do not have the amendment before me, but we know what we are driving at. We are dealing with mail sent home by our soldiers.

Mr. MORSE. Mr. President, I now yield to my colleague.

Mr. NEUBERGER. Mr. President, as 1 of the 5 members of the Postal Rate Subcommittee of the Committee on Post Office and Civil Service, it is my hope that the distinguished chairman of the committee and the ranking Republican member will accept the modified amendment offered by my colleague from Oregon on behalf of himself, the Senator from Texas [Mr. YARBOROUGH], and the Senator from Wisconsin [Mr. PROXMIRE].

It seems to me that there is a highly laudable and commendable purpose in allowing a member of the Armed Forces overseas to write home free of charge to his family, friends, neighbors, and loved ones. When I was in Alaska and the Yukon during World War II, I found that I could send mail home free merely by writing across the envelope the word "free" together with my Army serial number, name, and rank.

I felt that the amendment in its original form was subject to abuse. In its original form it could have been a bonanza for advertisers. Every commercial firm specializing in shaving supplies,

athletic equipment, and all kinds of periodicals catering to longely single men could have swamped the mails with free advertising matter directed at tapping the soldier's dollar.

Of course, there would be no way to take care of the situation unless censors were to open the mail, and we do not want soldiers' mail opened and censored and subject to review. Now that the senior Senator from Oregon has amended his proposal so that there is eliminated the mail that would be written to the soldiers, and now that the amendment applies only to mail sent by the soldiers, I urge the distinguished chairman of the committee to accept the amendment in its modified form.

Mr. MORSE. I wish to make one further brief statement, and then I shall be glad to yield to the Senator from Kansas. I appreciate very much the support given my modified amendment by the junior Senator from Oregon, and also the reasons that he has set forth in justification of the modified amendment. I wish to say, too, that I am always much happier when I find myself together on an issue with the junior Senator from Oregon, which is 90 percent of the time, than when we are not together. I am glad to be together with him on the issue, and I thank him very much for the observations he has made in regard to the abuse that would have arisen under my amendment in its original form.

As the junior Senator from Oregon knows, I was advised, before I took the floor this morning, of the main objection to the amendment, and I agreed that it was a sound objection. I drafted the amendment thinking only—and I will be frank about it—about the families of the men in the service. I was thinking of the boxes of cookies, and I was thinking about the Christmas parcels. I was thinking about the parcels which parents send to the boys and girls in the armed services. I was not thinking about the abuse which would develop by the so-called advertisers, as my colleague has pointed out, and how they could flood the mails, and follow up their advertising campaign when the servicemen returned home. I believe the objection to the original amendment is sound, as has been pointed out to me, and I share the Senator's opinion. I thank him very much for his support of the modified amendment.

Mr. CARLSON. Mr. President, will the Senator yield?

Mr. MORSE. I yield to the Senator from Kansas.

Mr. CARLSON. I wish to state that I believe the senior Senator from Oregon has shown his usual good judgment. I intend to oppose the amendment on the basis of the objection that had been stated to it. I was afraid that the soldiers' mail could be opened to a subscription list, for example, and I had intended to oppose the amendment. Now that it has been modified, I shall not oppose it. I hope the chairman will accept it, now that it has been limited to soldiers' mail.

Mr. MORSE. Mr. President, I should like to yield the floor, and in doing so

submit the amendment to the chairman of the committee. I believe the Senator from Wisconsin [Mr. PROXMIRE] would like to say a word or two. I deeply appreciate the encouragement and help I received from him and from the Senator from Texas [Mr. YARBOROUGH] as we had our conference yesterday afternoon and discussed the amendment. I want the Senators to know that I deeply appreciate their assistance.

Mr. PROXMIRE. I thank the Senator from Oregon. I merely wish to touch on two aspects of the modified amendment. The first is that if a man overseas writes only one letter a day, the amendment will save him, under the new postal rate, \$18 a year. If he writes 2 letters a day the amendment will save him \$36 a year. Of course, if he writes 3 letters a day the amendment will save him \$54 a year. That is a very substantial saving to the average serviceman, and is a saving all of us can agree is wise and just and proper.

The second point is this: The distinguished minority leader [Mr. KNOWLAND] raised a point which I believe can properly be raised. He asked what the cost of it would be.

It was pointed out that the cost would have been \$27 million, under the amendment as originally drawn. However, I wish to underline the fact that since the proposal has been amended, the cost will be reduced by much more than half the original estimated cost, in that most of the mail under the original form of the amendment would have gone to the soldier, instead of coming from him, because, of course, a soldier would get many more letters from friends and relatives, and a great many packages also.

I should like to say also that we have been very conscientious about our responsibility in acting to reduce the revenue, and that we should also do something to increase the revenue. Therefore, I point out that I shall offer an amendment to increase the revenue aspects of the bill by some \$22 million, through the adoption of the Rhodes amendment, which was in the bill when the House passed it.

Mr. CARLSON. Mr. President, will the Senator yield?

Mr. PROXMIRE. I yield.

Mr. CARLSON. The Senator from Wisconsin has brought up the question of the cost of the amendment. I have just inquired of the Post Office Department with respect to that point and I have been informed that the amendment as originally submitted would have cost \$27 million. I share the view of the Senator from Wisconsin that it will cost much less, now that the amendment has been modified. Personally I do not believe it will cost as much as \$10 million.

Mr. NEUBERGER. Mr. President, will the Senator yield?

Mr. PROXMIRE. I yield.

Mr. NEUBERGER. Is it not true that with the amendment modified so substantially, so that it will not be possible to send material overseas free to soldiers or other members of the armed services overseas, that the \$27 million estimate will be very substantially reduced, perhaps by at least half?

Mr. CARLSON. I would say that \$10 million would be about the highest.

Mr. YARBOROUGH. Mr. President, will the Senator yield?

Mr. PROXMIRE. Mr. President, I yield to the Senator from Texas.

Mr. YARBOROUGH. Mr. President, I wish to associate myself with the distinguished senior Senator from Oregon and the distinguished junior Senator from Wisconsin in offering the amendment. It bears out my experience on the staff of an infantry division in World War II. There were a large number of desertions from the Army in Europe during World War I, most of which were caused, in part, at least, by the poor mail service during that war.

When hostilities ended in World War I, a great many warehouses in the ports of France were found to be full of undelivered mail which had been addressed to the soldiers overseas.

As a result of that experience, General Eisenhower, in World War II, appointed a postal officer and told him, "I want the mail to get to the soldiers in the field. There can be no excuse for its not being delivered. No one on the staff or in the field will stand between the soldier and his mail. If you cannot get it through, call me and I will get the trucks for you."

The result was that the mail was delivered to combat soldiers within 4 or 5 days after it had been mailed in the United States.

That was a tremendous morale factor. It helped cut down the number of desertions to the lowest number in the history of the United States Army.

I saw men, after they had been deployed to the Pacific, who had lost all regard for their commanding officers. They were trapped on islands in the Pacific. I even had colonels tell me, "My fruitcake did not arrive here until three months after my wife had mailed it." That was because we did not have a sufficient number of transports in that area. It had a great deal to do with the attitude of the men in the Pacific area toward the suffering they were incurring for their country.

I believe the amendment is of tremendous value to the country; that its value is far greater than the \$10 million it may cost, and I am sure it will be a factor in cutting down desertions. It will certainly be a great morale factor to the men who serve in the hot Libyan desert and in the frozen wastes of Greenland and at other far-off posts throughout the world.

Mr. PROXMIRE. I agree wholeheartedly with the Senator from Texas. There can be no question about the tremendous importance of the amendment from the standpoint of morale.

Mr. KUCHEL. Mr. President, has the amendment been acted upon?

The PRESIDING OFFICER. It has not been acted upon.

Mr. JOHNSTON of South Carolina. Mr. President, as chairman of the committee I should like to say, in view of the fact that five Senators have spoken on the amendment and all of them in favor of it, the amendment ought to be adopted.

Mr. KUCHEL. I do not believe I have ever seen the Senate more confused than it has been with respect to the pending measure. Sometimes I suppose the confusion arises from the fact that some of us cannot hear the arguments on an issue; and sometimes when we do hear them, we are still confused. [Laughter.]

I regret that the pending bill was not reported unanimously by the committee.

I am sure all of us realize that we must increase postal rates; yet we are unable to follow the leadership in the case of many of the technical amendments. For example, my friend, the distinguished chairman of the committee, in whom I have a great deal of faith, finds himself on the opposing side of many of the arguments on a proposed technical amendment submitted by my friend the Senator from Kansas. The thought occurs to me that some of the amendments which have been offered on the floor might better have been offered and discussed and disposed of in the committee.

To take this amendment, may I ask my good friend, the Senator from South Carolina, if the amendment was dealt with in the committee at the time the bill was under consideration?

Mr. JOHNSTON of South Carolina. This amendment was not considered by the committee.

Mr. KUCHEL. Do I correctly understand that the distinguished chairman of the committee and the distinguished Senator from Kansas [Mr. CARLSON], the ranking minority member of the committee, both agree that the amendment should be accepted by the Senate?

Mr. JOHNSTON of South Carolina. Yes; as does every member of the committee who is present on the floor.

Mr. KUCHEL. In the past 2 or 3 days I have received letters from some publications which indicate that, in their judgment, they will be gouged by what the Senate is doing this week on postal rate legislation. I do not want to gouge anyone by my vote.

I hope to have, at the very least, some indication of how the members of the committee feel about the amendments which are being submitted, so that others of us, who have not been privy to any of the committee's work, may have additional guidance in deciding how we shall finally act.

If the amendment which has been offered is agreeable to the members of the committee, I, as one of many other Senators in a similar situation, will accept it. But I must say this is the Senate's finest hour in the consideration of proposed legislation.

The ACTING PRESIDENT pro tempore. Without objection, the amendment of the senior Senator from Oregon [Mr. MORSE], as modified, is agreed to.

Mr. MORSE. Mr. President, a parliamentary inquiry.

The ACTING PRESIDENT pro tempore. The Senator from Oregon will state it.

Mr. MORSE. I understand my amendment was accepted without objection; but I raise the point, for the consideration of the Parliamentarian, whether, technically, it is necessary to put the amendment to a voice vote.

The ACTING PRESIDENT pro tempore. The Chair stated that, without objection, the amendment was agreed to.

Mr. JAVITS. Mr. President, on behalf of myself and the Senator from Maryland [Mr. BEALL], I submit the amendment which I send to the desk and ask to have stated; and I request the immediate consideration of the amendment.

The ACTING PRESIDENT pro tempore. The amendment will be stated.

The LEGISLATIVE CLERK. On page 38, in line 20, it is proposed to strike out the word "and".

On page 38, in line 24, after the semicolon, it is proposed to insert the word "and".

On page 38, after line 24, it is proposed to add the following:

(C) by inserting before the colon at the end of such proviso a comma and the following: "and except that any such minimum charge per piece when mailed on or after July 1, 1959, shall be 2 cents if (1) the pieces are sorted, faced, and tied into packages, (2) the pieces for any post office (or station or branch if its name forms part of the address) for which there are ten or more pieces are separately packaged, and (3) the pieces (except those referred to in clause (2)) for any State for which there are ten or more such pieces are separately packaged."

Mr. JAVITS. Mr. President, I shall take only a minute or two to speak on the amendment. I have already discussed it with the chairman of the committee and with its ranking minority member.

The bill provides that the rate on third-class mail shall be 2 cents prior to July 1959, and 2½ cents thereafter. That is a rather sweeping increase. Protests have been received from business persons such as the proprietors of laundries, drugstores, upholsterers, florists, and other retailers and small-business men who take advantage of this type of mail to send out blotters and other types of advertising material.

The staff of the committee has analyzed the situation, and has arrived at an appropriate solution, namely, the forgiveness of the one-half cent increase which the bill calls for, beginning on July 1, 1959, if those affected will take certain steps which will be of assistance in that situation.

Therefore, I have incorporated the staff finding in technical language. The effect of the amendment is that if such an individual, small merchant will do certain work for his post office, he will be able to effect some savings, and thus will be able to get some benefit of a saving, in connection with his use of the third-class mail. That is the purpose of the amendment.

Mr. NEUBERGER. Mr. President, will the Senator from New York yield to me?

Mr. JAVITS. I yield.

Mr. NEUBERGER. I should like to ask the Senator from New York several questions:

Is his amendment drafted in such a way that it will apply only to firms which send out a limited number of pieces of third-class mail?

Mr. JAVITS. That is my understanding of the study the staff of the com-

mittee made—that it was directed to that kind of mail.

Mr. NEUBERGER. The amendment proposed by the Senator from New York would not be subject to abuse, would it, by very large corporations or firms which engage in circularizing, so as to enable them to flood the mails?

Mr. JAVITS. That is exactly my understanding of the purpose of the staff study—that it would not be subject to abuse. The staff was seeking to help the little fellow who, by doing the detail work, and on a local level, could help himself.

Mr. NEUBERGER. That is the impression I also have received from the staff of the committee.

As one of the members of the Postal Rate Subcommittee, Mr. President, I should like to join the able Senator from New York in urging that the distinguished chairman of the Committee on Post Office and Civil Service accept the amendment proposed by the Senator from New York.

I wish to commend the Senator from New York for bringing forth this proposal, which I believe will be of some substantial assistance to small firms which make use, to only a comparatively limited and small degree, of the third-class mail.

Mr. JAVITS. I thank the Senator from Oregon.

Mr. CARLSON. Mr. President, will the Senator from New York yield to me?

Mr. JAVITS. I yield.

Mr. CARLSON. I wish to commend the Senator from New York for offering the amendment. I think it has much merit, and I believe it will be of real value and service to those who use this class of mail.

I hope the distinguished chairman of the committee will accept the amendment and will take it to conference.

Mr. JAVITS. I thank the Senator from Kansas.

Mr. JOHNSTON of South Carolina. Mr. President, will the Senator from New York yield to me?

Mr. JAVITS. I yield.

Mr. JOHNSTON of South Carolina. I realize that the amendment will require those who use the third-class mail to do a certain part of the work themselves, in order to have the mail ready, so as to be of assistance to the mail carriers when they commence the delivery of such mail to the various boxes. In that case, a great deal of work will be saved the post office. Furthermore, some money will be saved.

Mr. JAVITS. Exactly.

Mr. JOHNSTON of South Carolina. I believe that the total effect of the amendment will be to make some saving.

Mr. JAVITS. I thank the Senator from South Carolina.

The ACTING PRESIDENT pro tempore. The question is on agreeing to the amendment offered by the Senator from New York [Mr. JAVITS] for himself and the Senator from Maryland [Mr. BEALL].

The amendment was agreed to.

The ACTING PRESIDENT pro tempore. The committee amendment is open to further amendment.

Mr. YARBOROUGH. Mr. President, I call up my amendment to H. R. 5836, and ask that the clerk read the amendment.

The ACTING PRESIDENT pro tempore. The amendment of the Senator from Texas will be stated.

The LEGISLATIVE CLERK. On page 40, line 2, it is proposed to strike out "10 cents" and "5 cents" and insert in lieu thereof "8 cents" and "4 cents," respectively.

Mr. YARBOROUGH. Mr. President, my amendment has the effect of restoring the present rate on books. As reported, the bill would raise the rate on books from 8 cents a pound for the first pound and 4 cents for each pound thereafter, up to the 70-pound limit, to 10 cents and 5 cents, respectively, 10 cents on the first pound and 5 cents on each additional pound, an increase of about 25 percent. My amendment would restore the 8 cents for the first pound and 4 cents for each succeeding pound rate for books.

We are all concerned about doing something to improve education. Approval of my amendment would be a very simple way of doing something tangible for education, though in a very small way.

If the bill as presently written should be enacted, an additional \$5 million a year would be charged for the transportation of books through the mails; and about \$2 million of that \$5 million, I am informed, would fall directly on schools and libraries that purchase books, because when they buy books in quantity, most of the cost of transportation falls on the educational institutions buying them, not on the publishers.

My amendment confers no special privilege on book mailers. As a matter of fact, it goes only a small distance toward correcting a serious inequity in the postal rate structure. I refer to the cost of sending reading material which is bound into books, as compared with reading material contained in magazines and newspapers. If the bill were enacted in its present form, the rate charged per pound for books would be 2½ times the cost per pound of sending reading material in newspapers and magazines, and such books do not carry advertising from which their publishers can derive revenue. In addition to their subscriptions the newspapers and magazines sell advertising also, whereas the income from books is derived only from the selling price of the book itself.

It costs the Post Office Department less per pound to transport books than it does per pound to transport newspapers and magazines, because books are more compact and easier to handle.

Books now pay about 60 percent of the fully allocated cost charged to them, and second class mail pays only about 22 percent of the fully allocated cost.

If the bill were enacted in its present form, books would pay about 75 percent of the fully allocated cost charged against them, whereas newspapers and magazines, after some years, would pay about 33 percent.

In the past 16 years the book rate has risen more than has any other class of postage. Book rates have increased

more than 300 percent since 1942. I do not know why the Government seems to have been so determined to triple the rates on books since 1942, and leave the rates on other reading matter much lower. Perhaps it is because some people are afraid of a man who reads a book.

While \$2 million of this increase would fall on colleges and libraries, it is not true that the other 60 percent of books mailed would be junk.

I hold a few samples of books printed which are not bought by libraries, principally, but printed by university presses. These would constitute a part of the \$3 million additional cost to be borne by books other than those bought by colleges and libraries.

I hold in my hand a book printed by the New York University Press, which is a fine institution, *The Lee Chronicle*, which traces the development of the great family of Lees in Virginia through the centuries, and the background and faith which resulted in the emergence of that family.

I hold in my hand a paper-back book from the University of Michigan Press, a life of mighty Stonewall Jackson. That is a part of the type of good material included in the 60 percent of books mailed to others than colleges and libraries.

I hold in my hand another book, published by Harcourt, Brace and Company, of New York, *The Sandburg Range*, including some chapters on the life of that immortal American, Abraham Lincoln.

We have increased the postage rates on such books more than 300 percent since 1942.

I also hold in my hand a book which will come off the press on March 2, the birthday of Sam Houston, and Texas Independence Day. It is entitled "13 Days to Glory," Lon Tinkle's story of the Alamo. It is an account written of the 13-day siege and the 4-hour final assault on the Alamo.

The additional cost of mailing such books will fall on the purchasers; these are good books of high grade material. We should not discourage the reading of books.

I also hold in my hand the magazine *Confidential*, which gets the red tag treatment. That means that such a magazine is put in the mail carrier's bag within first-class mail and delivered as fast as first-class mail. There is no law containing such a provision, but there is a ruling by the Postmaster General that if literature is such that it should reach the people while it has news value or while the news is "hot," it shall get red tag treatment. It is dropped into the postman's bag and delivered as fast as any letter.

A news magazine such as *Newsweek*, or *Time*, or *U. S. News & World Report* gets red tag treatment from the Post Office Department, and the postman gives it early delivery. It is second-class material being transported as fast as first-class material. Five pounds of *Confidential* magazine can be carried in that way, but not 1 pound of the *Sandburg Range*, including chapters on Abraham

Lincoln, can go through the mail in that manner.

I hold in my hand a couple of magazines called *Playboy* and *True Life Stories*. Here is what the Postmaster General is doing with such magazines. In order to get second-class treatment, they have to be subscription magazines. The Postmaster General has ruled that if a newsstand orders 500 copies of a magazine, to sell on the newsstand that makes it a 500 subscriber subscription magazine. He lets the publishers send magazines such as *Playboy* and *True Life Stories* as second-class matter, as subscription magazines, when they may not be a single subscriber on the list—when a newsstand simply buys 500 copies.

The policies of the Post Office Department encourage the publication of junk such as *Playboy* and *True Life Stories*, and make it hard to promote books about the noble Lee family or a story about the immortal Abraham Lincoln.

Mr. President, let me read one of the letters I have received, which is the shortest one I have, out of many. It is from the librarian of the Los Angeles County Medical Association, and reads as follows:

JANUARY 28, 1958.

SIR: During the present session of Congress the Senate of the United States will undoubtedly receive from the House for consideration the postal rate increase bill, H. R. 5836.

Any increase in the book rate would have the effect of curtailing the interchange of technical and educational information. In my judgment a vote "No" on this increase will represent a small contribution to the serious need at this time for encouragement in educational and intellectual pursuits.

JOHN M. CONNOR.

Mr. President, there was testimony before the committee from university presses and librarians and educators. I appeal to the distinguished chairman of the committee the senior Senator from South Carolina, and the distinguished ranking minority member, the distinguished Senator from Kansas, both of whom have great knowledge of the postal problem and have sacrificed many days in a study of it. No one has attended more meetings or worked harder than have the Senator from South Carolina and the ranking minority member of the committee, the Senator from Kansas. I appeal to them to accept my amendment, because it will have a significant effect on the educational, cultural, scientific, and civic life of this country.

Mr. NEUBERGER. Mr. President, will the Senator yield?

Mr. YARBOROUGH. I yield.

Mr. NEUBERGER. I should like to support the amendment of the able Senator from Texas, because I believe it to be an amendment that has merit. As a member of the Postal Rate Subcommittee, I myself did not offer the amendment because, as the author of 6 or 7 books, I was afraid I might be accused of a conflict of interests and summoned before the committee presently holding hearing on the other side of the Capitol.

I believe that books should certainly not be burdened with the rates which

the Senator from Texas has so justifiably criticized.

I also wish to say to the Senator that I hope some day I may achieve sufficient eminence as an author of books so that when the Senator from Texas at some future time discusses this issue in the Senate Chamber he will hold up one of my books in the distinguished group.

Mr. MORTON. Mr. President, will the Senator yield?

Mr. YARBOROUGH. I yield to the Senator from Kentucky.

Mr. MORTON. On behalf of myself and the Senator from Kansas [Mr. CARLSON] we gladly accept the Senator's amendment, and think his point is well taken. We merely want to comment that we now have the votes, so let us get through with this bill and not talk it to death.

Mr. YARBOROUGH. I yield the floor, Mr. President.

Mr. JOHNSTON of South Carolina. Mr. President, as chairman of the committee I will accept the amendment and take it to conference.

I want to say that when this amendment is accepted, since the House bill did not contain it, it will go to conference. We may have to word it somewhat differently and add a proviso, so that it will have a proper effect on the schools. We can probably work out the question satisfactorily. I hope so, anyway. I will be glad to take the amendment to conference.

Mr. JOHNSON of Texas. Mr. President, I understood the Senator to say he was agreeable to taking the amendment to conference.

The ACTING PRESIDENT pro tempore. The question is on agreeing to the amendment offered by the Senator from Texas [Mr. YARBOROUGH].

The amendment was agreed to.

Mr. HAYDEN. Mr. President, I offer the amendment I have proposed, designated "2-25-58-E," and ask for its consideration.

The ACTING PRESIDENT pro tempore. The clerk will state the amendment.

The LEGISLATIVE CLERK. "On page 31, line 18, after the words 'this section', it is proposed to strike out the remainder of line 18 and all of line 19 and insert 'equal to the total estimated expenditures of the Post Office Department for the year for such public services as determined by the Congress in the Appropriation Act based upon budget estimates submitted to the Congress.'"

Mr. HAYDEN. Mr. President, the 15 percent of the total estimated expenditures of the Post Office Department per annum would be a lump sum which the Appropriations Committee would have to break down and fit into the actual expenses which are properly to be considered as incurred for public services rendered by the Post Office Department. It has occurred to me that instead of handling the matter in that way it would be simpler to strike out the words in the bill:

Equal to 15 percent of the total estimated expenditures of the Post Office Department for such year.

And provide:

Equal to the total estimated expenditures of the Post Office Department for the year for such public services as determined by the Congress in the Appropriation Act based upon budget estimates submitted to the Congress.

In other words, the Committee on Appropriations would receive a detailed statement from the Bureau of the Budget, just as we do on all other appropriations, in our consideration of the amount which ought to be credited to the Post Office Department for performing public services. I believe that is the proper concept.

The same principle was involved in a bill which was favorably reported to the House. I assume the House conferees will be familiar with that provision. It was provided that certain items, listed as they are in the bill presently under consideration, should be credited to the Post Office Department, and the Post Office Department should have money appropriated to it for performing those public services.

The Senator from South Carolina [Mr. JOHNSTON] also introduced a bill along the same line. All such data will be available to the conferees.

I thought the best way to get the matter finally settled in conference would be to offer a short amendment of this kind.

Mr. JOHNSTON of South Carolina. Mr. President, I have studied the amendment offered by the Senator from Arizona, and I think the Senator speaks correctly when he says that will be a matter which will have to be taken up by the conference, in that it was not in the House bill. I think we can take it to conference and probably iron it out there.

We shall have to fight the matter out with the House, regardless of whether it is the committee amendment or the amendment offered by the Senator from Arizona or some other amendment.

Mr. HAYDEN. Yes.

Mr. JOHNSTON of South Carolina. I, personally, am willing to accept the amendment and will take it to conference with that understanding.

Mr. CARLSON. Mr. President, will the Senator yield?

Mr. HAYDEN. I yield.

Mr. CARLSON. I think the Senator from Arizona [Mr. HAYDEN], the chairman of the Committee on Post Office and Civil Service [Mr. JOHNSTON of South Carolina], and the other members of the committee are trying to accomplish the same result. We are trying to set aside a certain amount of postal expenditures to cover the public services of the Post Office Department. This has been a very difficult problem with which to deal.

We can say the amount should be 15 percent, 10 percent, or 5 percent, and can get an argument on the question at any time. The chairman of the Committee on Appropriations is requesting that this item be based on appropriations. The chairman of the Committee on Post Office and Civil Service and I have been working on this problem for 5 or 6 years. It is, as I have said, a difficult problem.

I want to be certain that we will be able to set aside for public services a

certain percentage of the amount appropriated. Once that is done, I think the Senate and the House of Representatives should vote sufficient appropriations to take care of such services. I think the Senator has made a very important point.

Mr. JOHNSTON of South Carolina. Mr. President, I agree with everything the Senator from Kansas has said. We have been working on this matter for 5 years, trying to get something to put forward which would place the Post Office Department in the proper light. This provision will help do so.

Every time a postal bill comes up for consideration there are items specifically mentioned. The amendment relating to books came up for consideration, as Senators just heard. That service will cost a few million dollars. Before considering that amendment we gave consideration to the question of mail to the soldier boys. That service is going to cost money.

The Post Office Department ought not be charged for the entire cost of those items. That is one question we are trying to analyze, to see what is right and just so far as the Post Office Department is concerned. I know that is what the Senator is seeking.

Mr. KUCHEL. Mr. President, will the Senator from Arizona yield?

Mr. HAYDEN. I yield.

Mr. KUCHEL. Will the Senator state again for the RECORD an example of the type of public service which is covered now, I assume, by the decision on the part of the Post Office Department, but which would be covered by action of Congress, resulting from consideration by the Committee on Appropriations, if I am correct in my understanding, of the amendment offered by the Senator?

Mr. HAYDEN. For example, the Post Office Department now gathers the addresses of aliens all over the United States, in order that there may be an annual report of where such persons are and what they are doing. That is obviously a public service.

The Post Office Department sells documentary stamps for other departments. That is a service rendered which is not a postal service.

The Post Office Department does work for the Census Bureau. There is even a provision of law which requires the rural carriers to count doves when they see them in the early season of the year. That service is for the benefit of the Fish and Wildlife Service.

A great many services of that kind are rendered by the Post Office Department for which legitimately the other departments ought to pay, or which at least ought to be credited to the Post Office Department as public services. From that point on the Post Office Department should collect sufficient revenues to pay its own way.

Mr. KUCHEL. May I ask the Senator: Under the present law, is it the Post Office Department which determines how much money it shall expend for the types of public service to which the Senator has alluded?

Mr. HAYDEN. No. The Post Office Department is simply required by an act of Congress to render such services.

Mr. KUCHEL. I understand. Where does the Post Office Department get the money? Is it provided in the budget estimates?

Mr. HAYDEN. No. There has been nothing budgeted up to this time for the Post Office Department for any public service. The Department simply says it takes so much money to operate the Department per annum, and in operating it they have to perform all normal functions plus these other services.

Mr. KUCHEL. The intent of the amendment which the Senator has offered is to provide that these statutorily required public services shall be recognized by the Appropriations Committee in considering the Post Office Department budget?

Mr. HAYDEN. Yes.

Mr. KUCHEL. I thank the Senator.

The PRESIDING OFFICER (Mr. CORTON in the chair). The question is on agreeing to the amendment offered by the Senator from Arizona [Mr. HAYDEN].

The amendment was agreed to.

The PRESIDING OFFICER. The committee amendment is open to further amendment.

Mr. CLARK. Mr. President, I call up my amendment, 2-26-58-F, filed at the desk yesterday, on behalf of the junior Senator from Wisconsin [Mr. PROXMIRE] and myself.

The PRESIDING OFFICER. The clerk will state the amendment.

The LEGISLATIVE CLERK. On page 37, following line 4, it is proposed to insert the following:

(e) Section 2 of such act of October 30, 1951, is amended by adding at the end of such section the following new subsection:

"(e) If, at any time during any Post Office Department fiscal year, beginning with the fiscal year ending June 30, 1958, the costs incurred by the Post Office Department (as ascertained under the cost ascertainment system of such Department) in connection with the mailings of any user at rates provided in subsections (a) and (d) of this section exceed by \$1 million the revenues received by such Department (as ascertained under such cost ascertainment system) in connection with such mailings of such user, the Postmaster General shall fix and determine, for the remainder of such fiscal year, the rates for such mailings of such user on a basis which will effect, as nearly as may be practicable, the equalization, during the remainder of such year, of the revenues received, and the costs incurred, by the Post Office Department in connection with such mailings of such user. From and after the beginning of the Post Office Department fiscal year immediately following the fiscal year in which rates for such mailings of such user are made effective by action of the Postmaster General under this subsection, the rates of such mailings of such user shall be as provided in subsections (a) and (d) of this section, subject to the application of this subsection. This subsection shall not apply to any organization, association, newspaper, periodical, or publication within the purview of the second or third proviso of subsection (a) of this section and publications mailed by others than publishers or authorized news agents."

Redesignate subsections (e) through (g) as (f) through (h) respectively.

Mr. CLARK. Mr. President, the purpose of this amendment is to restore to the bill what is known as the Rhodes amendment which was in the bill as it

passed the House. That amendment was sponsored by my fine Pennsylvania colleague in the House, Representative GEORGE M. RHODES, who served for 8 years on the Post Office and Civil Service Committee in that body.

This proposal was initially considered by the 84th Congress in the House, but it was not adopted at that time. Last year Representative RHODES persuaded his colleagues to insert it in the bill, and it was in the bill when it came before our committee.

The purpose of the amendment is to limit to \$1 million the subsidy to any individual magazine which includes advertising, so that the second-class mail revenue may be increased by charging such publications their fair share of the load under the Post Office Department's own cost-ascertainment system, after the general taxpayer—and, in view of our action yesterday, the first-class mail users—have made up the first \$1 million of subsidy.

I point out that it is not unusual for the Congress to limit subsidies. We have done it only recently in connection with soil-bank payments. In that instance, the subsidies were limited, because it was felt that large corporate farmers should not be entitled to get the major part of the soil-bank payments. So when we come to second-class mail, particularly—indeed, only—with reference to those publications which carry large amounts of advertising, and which are sold at a price which brings a substantial profit, it is the thought of those of us who agree with Representative RHODES that the subsidy to those individual publications should be limited to \$1 million.

The Rhodes amendment in the House bill limited the subsidy to \$100,000, in the interest of avoiding the accusation of bearing down too heavily on some of the smaller publications which, perhaps, are having a harder time. The amendment sponsored by the Senator from Wisconsin [Mr. PROXMIRE] and myself—and I am authorized to state that the distinguished Senator from Ohio [Mr. LAUSCHE] has joined in the sponsorship of the amendment—would increase the subsidy limitation to \$1 million.

Let us see what the effect of the amendment would be. In the hearings before the Senate committee, Representative RHODES, who testified very ably before the Post Office and Civil Service Committee while I was still a member of it last year, pointed out that the estimated net loss, on the basis of figures prepared by the Post Office Department itself, on the cost-ascertainment basis, for various well-known national publications which are being published at a large profit, was as follows: Life, \$9,310,000; Saturday Evening Post, \$6,087,000; Reader's Digest, \$4,172,000; Ladies Home Journal, \$1,917,000.

I am reading from page 93 of the printed hearings.

Turning to page 94, we find a list of magazines with respect to which the subsidy was substantially in excess of \$1 million. This list includes Reader's Digest, Look, McCall's magazine, Better Homes and Gardens, and American Home magazine.

It is our position that this is unfair, both to the general taxpayer and to the first-class mail user, whose rate has just been increased to 5 cents by action of this body. If this amendment were adopted, second-class mail, even at the increased rates proposed by the committee, would still be paying substantially less than 50 percent of its cost to the Post Office Department under any conceivable basis of cost ascertainment, and the Post Office Department would be able to pick up an additional \$20 million.

The principal objection which has been urged to this amendment in the committee and elsewhere is that it would be difficult of administration. The Assistant Postmaster General is on record as having stated that, while it would be a little difficult to administer, it certainly would not be impossible; and the Postmaster General himself, on a television program not so long ago, said that it could be appropriately administered. Inasmuch as we have the figures prepared by the Post Office Department itself as to how much the loss is, I do not think we need take very seriously the question of difficulty of administration.

I quote briefly from the testimony given by Representative RHODES before the Senate committee, on page 101 of the hearings:

I was assured well in advance of my introduction of the proposal in bill form and before offering it as an amendment to H. R. 5836 that it was feasible, workable, and capable of being administered. Otherwise I would not have offered it.

Mr. NEUBERGER. Mr. President, will the Senator yield?

Mr. CLARK. I am happy to yield to my distinguished colleague from Oregon.

Mr. NEUBERGER. I think there is a very reasonable goal in the amendment which the Senator from Pennsylvania has offered on behalf of himself, the Senator from Wisconsin [Mr. PROXMIRE] and the Senator from Ohio [Mr. LAUSCHE]. However, as I understand, he seeks in this amendment to fix a limit of \$1 million with respect to the so-called subsidy, or whatever he wishes to call it. Is that correct?

Mr. CLARK. The Senator is correct.

Mr. NEUBERGER. He also referred to the Rhodes amendment, which is presently in the House bill, which was sent to the Senate by the other body, and was referred to the Senate committee. Is that correct?

Mr. CLARK. The Senator is correct.

Mr. NEUBERGER. Therefore, if the Rhodes amendment and the Clark-Proxmire-Lausche amendment in its present form should go to conference, it would be compromised at approximately half a million dollars, rather than at the main goal which the able Senator from Pennsylvania has set in the amendment.

Mr. CLARK. I would not attempt to prognosticate what my colleagues, either in the House or in the Senate, may do in conference. Sometimes they surprise us. But I appreciate the fact that the Senator from Oregon has good grounds for his suggestion.

Mr. NEUBERGER. When substantive matter is included in a bill passed by either House, the conferees have no

choice. They must include it in the bill finally reported to both bodies for final action.

Mr. CLARK. The Senator is correct.

Mr. NEUBERGER. I wonder if the able Senator from Pennsylvania, on behalf of himself and his cosponsors, would accept my suggestion that he set the figure in his amendment at approximately \$1,850,000, or thereabouts? The reason for my suggestion to the Senator from Pennsylvania is very simple. If this figure is contained in his amendment, a compromise between his amendment and the Rhodes amendment, which was offered by one of his distinguished colleagues in the House from the State of Pennsylvania, would be at the \$1 million goal which the Senator from Pennsylvania seeks to have written into the legislation in its final form when it goes to the White House for consideration. Is that correct?

Mr. CLARK. The Senator is correct.

Mr. NEUBERGER. Therefore, I offer that as a suggestion, speaking for myself as one of the members of the Committee on Post Office and Civil Service, and one of the members of the Subcommittee on Postal Rates. I suggest that the Senator modify his amendment along the lines I have indicated.

Mr. CLARK. The information which is presently available from the hearings before the committee would indicate that increasing the amount of the exemption, as suggested by the distinguished Senator from Oregon, would not substantially curtail the additional revenue which would be received by the Post Office Department if the amendment should be approved. While I do not like to disagree with my distinguished friend from Oregon as to the amount he suggests, nevertheless, in order to gain an additional vote, and because I am certain there is a good deal of good sense in what he says, I am very glad to accept the amendment, if the junior Senator from Wisconsin is equally agreeable to accepting it.

Mr. PROXMIRE. Mr. President, will the Senator yield?

Mr. CLARK. I am very happy to yield.

Mr. PROXMIRE. I shall accede to the suggestion of the Senator from Oregon, although I do so with reluctance. It seems to me that a million dollars, or even \$550,000, of subsidies to one publisher is a tremendous amount of money.

Mr. CLARK. Mr. President, will the Senator excuse me for a moment? I shall be happy to yield to him again, but at this point I should like to suggest to the Chair that the amendment we are now discussing should be amended by striking out the figure "\$1,000,000" in line 10 of the first page of the amendment, and substituting in lieu thereof the figure "\$1,800,000."

The PRESIDING OFFICER (Mr. COTTON in the chair). The Senator has a right to modify his amendment, and the modification will be noted.

Mr. NEUBERGER. Inasmuch as the Senator from Pennsylvania, with the collaboration of his cosponsor, has modified his amendment as I suggested, I wish to assure the Senator from Penn-

sylvania that I will support it when it is voted upon by the Senate.

Mr. CLARK. I thank the Senator very much. I now yield again to the Senator from Wisconsin.

Mr. PROXMIRE. I should like to point out that the amendment certainly is in keeping with the principles which have been established by Congress in connection with payments to farmers. We are not concerned here with a limitation of \$3,000 to a publisher, as Congress saw fit to provide by way of limitation in the case of farmers. It is not a limitation of \$1 million either; rather, it is a limitation of \$1,850,000 to one publisher.

It seems to me that the amendment should have the support of those who are opposed to Federal-aid programs, for there are many millions of dollars in Federal aid in the postal rate bill. It should appeal to some of our good friends in the publishing industry, who have worked so hard and who have talked so much and written so much about the evils of subsidies. The fact is that the publishers cannot make a good case against an amendment to limit Federal aid in the form of postal subsidies.

I say that because the big magazines have been the sharpest critics of Federal-aid legislation. For example, I have a copy of a reprint from the Reader's Digest, entitled "The Biggest Con Game in Politics." On page 2 of the pamphlet the story starts by saying that Federal aid to States and communities has become a source of staggering extravagance. Let me say, Mr. President—and I say this to Reader's Digest also—that if aid to the States and to the people for schools, health, conservation, and research is a waste of the people's money, how in the name of commonsense can we justify Federal aid to Reader's Digest of approximately \$5 million a year, and to other big publishers, some of whom receive even greater subsidies?

Mr. CLARK. Is it not a fact that Confidential magazine is one of the magazines which receives a substantial subsidy, and is a magazine which would also be affected by the amendment?

Mr. PROXMIRE. It is certainly one of the magazines. I do know whether it would be affected by the amendment in its present form.

Mr. MORTON. Of course it would not be affected by the amendment.

Mr. CLARK. If the Senator from Kentucky will restrain himself, I shall be glad to yield to him a little later. At the moment I have yielded to the Senator from Wisconsin.

Mr. PROXMIRE. Mr. President, this attack on Federal aid in Reader's Digest said nothing about Federal aid by way of postal subsidies. Few individuals or corporations in this country get Federal-aid benefits which are greater than postal subsidies. Members who come from farm districts should be interested in the amendment, since second-class postal subsidies amount to much more than what has been paid to the Nation's farmers in price-support subsidies.

Mr. President, I should like to conclude by reading into the RECORD some additional figures. These are in addition

to the figures which have already been read into the RECORD by my distinguished friend the Senator from Pennsylvania [Mr. CLARK]. Not only does Life magazine receive a subsidy of \$9,494,000, but I should like to point out also that Look magazine receives a subsidy of \$3,482,000. Based on the testimony which was so well underlined by my distinguished friend from Pennsylvania, McCall's magazine receives a subsidy of \$1,507,000; National Geographic, \$1,335,000; Good Housekeeping, \$1,294,000; Better Homes and Gardens, \$1,146,000; American Home magazine, \$1,130,000.

Now I should like to come to my principal and final point. This is the hardest kind of amendment to get adopted. I say that for this reason: It is much easier to adopt the kind of amendment offered by the senior Senator from Oregon [Mr. MORSE], reducing postage rates for members of our armed services overseas. That is a responsible amendment, and I was very happy to support it. It is a good amendment. I say, however, it is much more difficult to have an amendment like the pending amendment adopted, because it increases postal rates.

I might say that from the magazines which I have listed and which the Senator from Pennsylvania has also listed, \$22 million will be picked up by the Treasury. Some of those magazines now get red tag treatment. That means they get preferential treatment. On the basis of the cost allocation which I had made, it seems to me that the subsidies would be much greater than the \$32 million, and the savings to the Federal Government and to the taxpayers generally would be far more than the \$22 million I have indicated.

Mr. CLARK. I shall now be glad to yield to the Senator from Kentucky.

Mr. MORTON. I wonder, since the Senator has accepted one amendment to the amendment in order to gain one vote, whether he would be willing to accept one more amendment in order to gain one additional vote.

Mr. CLARK. That is always an interesting suggestion.

Mr. MORTON. Would the Senator accept an amendment to reduce it \$10,000? Let us take in Confidential.

Mr. CLARK. The Senator from Kentucky is making use of a very interesting suggestion, which, I am sure, will be followed by the claim on his part that Confidential is not covered in this case. In that connection I should like to point out that at page 97 of the hearings Representative RHODES testified that while specific financial data were not available with respect to Confidential, Inc., it had a monthly circulation of 3,442,536 copies. Not that I would care to make an open wager on the floor of the Senate, but I would suspect that under any kind of cost accounting procedure there would be a very good chance that not only Confidential magazine but the other magazines listed by Mr. RHODES would be included, such as True Confessions, Startling Detective, Daring Romances, Modern Romances and others. We would have to take a look at them, too.

Mr. MORTON. I have the highest respect for Representative RHODES. Was the figure he gave for Confidential 3 million?

Mr. CLARK. It was 3,442,536.

Mr. MORTON. That is for the year in question?

Mr. CLARK. I assume so, although it does not say so.

Mr. MORTON. Three million a year?

Mr. CLARK. Yes.

Mr. MORTON. Second-class matter, I understand, is delivered at a cost of somewhere in the neighborhood of 3 cents or 3.2 cents apiece. It seems to me—and I never got so far as calculus in school—that that amounts to \$90,000. That means that in the case of a circulation of 3 million copies, the cost will be 60 cents. That becomes a rather silly business, it seems to me. Let us make it \$10,000, and I will go along with the Senator.

Mr. CLARK. Mr. President, I am sure that I unintentionally misled the Senator, because I note, in reading from page 97 of the hearings, Representative RHODES said that Confidential has a monthly circulation of 3,442,536. That might make some change in the Senator's figures.

Mr. MORTON. It certainly does. Does the testimony indicate how much of that circulation was represented by newsstand sales and how much by mail delivery?

Mr. CLARK. No; it does not.

Mr. MORTON. Then we do not know the figures.

Mr. CLARK. I think we are in the dark in that respect.

Mr. MORTON. Being familiar with the cover of the magazine, I assume that many of its sales are newsstand sales, if not most of them. They certainly attract the eye of the passing male walking by the newsstand. I do not believe that it can possibly be said that the cost to the Post Office Department on the distribution of the magazine—and I certainly do not sympathize with it—amounts to \$1,800,000.

Mr. CLARK. The Senator from Kentucky may well be correct. All I can say is that neither he nor I have the figures.

Mr. MORTON. Neither he nor I have the figures; therefore, let us be certain about this, and lower the amount to \$10,000, or stick with the amendment of the Representative from his State.

Mr. CLARK. I would regretfully have to disagree with the Senator. In the first place, Representative RHODES fixed the amount at \$100,000, not at \$10,000.

I suppose the Senator from Kentucky, like many other fine Senators, has a great sympathy, ideologically and otherwise, with Life, Time, Fortune, Reader's Digest, and the Saturday Evening Post. Therefore, I am prepared to let them go as far as a million dollars as a subsidy paid by the United States taxpayer, in order to have this principle established. I know perfectly well that if the amount were reduced to \$10,000, I might get the vote of the Senator from Kentucky, but that would be the only vote I would get.

Mr. MORTON. I am not prepared to go along with the principle of subsidizing at all. I do not think the magazines are

being subsidized to the extent the debate so far has indicated. In my own time, I shall try to talk about the second-class matter. I do not wish to discuss it now. But at least I appeal to the Senator from Pennsylvania to go back to the figures of Representative RHODES. How is the figure \$1,850,000 derived?

Mr. CLARK. My friend from Kentucky was a Member of the other body, where he served with great distinction. He is a far more astute politician than I ever hope to be. I am certain he knows perfectly well that the figures are set as they are in the hope of trying to have some amendment adopted, rather than to have it rejected.

Mr. MORTON. The Senator was elected by a vote far greater than mine.

Mr. CLARK. It was pretty close. Mine is a larger State.

Mr. JOHNSTON of South Carolina. Mr. President, we have a cost ascertainment now which is carried into effect in the pending bill. That is the reason why we are proposing at the present time that the rates be raised.

Does the Senator from Pennsylvania know that when we have finished with the bill, all the second-class mail will not be in the red, according to the way the costs are allotted to the different classes?

Mr. CLARK. I am interested in what the chairman of the committee states, because, as I understand, the ranking minority member gave certain figures on the floor day before yesterday which indicated that the extent of second-class mail revenue's coverage of costs was still in the neighborhood of 30, 35, or 40 percent. I do not know how the cost ascertainment figures are being juggled. I must say that I view those figures, if they have come from the Post Office Department only as recently as indicated, with a substantial amount of suspicion.

Mr. JOHNSTON of South Carolina. The cost ascertainment figure was cut exactly in half, percentage-wise, in the making of rates. Although some second-class deficit remains, it will be greatly reduced.

Mr. CLARK. I am certain that my friend from South Carolina will appreciate that the particular change in cost ascertainment is a judgment factor and not a straight cost ascertainment factor. Perhaps the judgment was somewhat influenced by the fact that this very debate was about to occur in the Senate.

Mr. JOHNSTON of South Carolina. Another thing was brought out at the hearings. Those who testified, and who really knew the workings of the Post Office, said there was a possibility that no two persons could come anywhere close to what the cost would be for a particular magazine, or whatever kind of publication was to be mailed.

Mr. CLARK. It is with great regret that I must reluctantly differ with the distinguished chairman of the committee, whose experience in this field is so much greater than mine. I think he has made a very able argument for what I am afraid I should have to say is a case which has yet to be proved; namely, that the big magazines are not enjoying a costly free ride at the expense of Uncle Sam's public.

Mr. JOHNSTON of South Carolina. We are, in the bill, imposing on them a pretty large increase.

Mr. CLARK. I understand that the revenues for carrying the mail are being increased to somewhere between 35 and 40 percent of the cost, as I understood my good friend from Kansas to say the other day. I shall have to disagree with the chairman of the committee.

Mr. PROXMIRE. Mr. President, will the Senator yield?

Mr. CLARK. I yield.

Mr. PROXMIRE. With the greatest reluctance, on this issue I disagree with the chairman of the committee, who is the outstanding authority in the Senate, together with the ranking minority member. I am certain he understands this subject, backward and forward, better than I do.

In the case of several more of the magazines which are now receiving an enormous subsidy, they are getting preferential treatment. They are treated like first-class mail. Under any cost ascertainment system, it seems to me they should be allocated the extra expense.

To have the figures as accurate as possible, I point out that at present, according to the latest figures from the Postmaster General and the ranking minority member of the committee, second-class mail now pays only, I believe, 31 percent of its cost; so it receives a 69 percent overall subsidy.

The argument against any good proposal, when any other argument cannot be found, is that, administratively, it is unworkable. I have never seen it to fail. That is always the case when there is no real argument. This is the only argument. Senators know that if there is a will, there is a way. This proposal is no more unworkable than the \$3,000 limitation on soil-bank payments.

Mr. CLARK. I associate myself with the comments of my associate. I thank him.

Mr. LAUSCHE. Mr. President, will the Senator yield?

Mr. CLARK. I yield.

Mr. LAUSCHE. Last evening I voted for the 4-cent rate on first-class mail. I did so because the disparity between the rate charged for first-class mail at 5 cents a letter and the charges made against second-class matter, in my judgment, were out of proportion. I concluded that I would vote for lowering the proposed rate on first-class mail from 5 cents to 4 cents, and that if that proposal did not succeed, I would vote for the lifting of the rate on second-class mail, or would subscribe to some proposal which would, in a measure, indirectly achieve the lifting of that rate.

Mr. CLARK. The Senator from Wisconsin [Mr. PROXMIRE] said, before my friend from Ohio came to the Chamber, that the best estimate he could get was that this amendment would mean another \$20 million revenue to the Post Office Department.

Mr. LAUSCHE. I wonder if the Senator from Pennsylvania would refer to the statistics which appear on page 94 of the hearings, which show that the gross revenues received from magazines are \$18,844,000, and that the cost of serv-

ing those magazines is \$52,149,000, leaving a deficiency of \$32,185,000, which the taxpayers in general have to pay for the carrying of this particular type of mail.

Something has been said to the effect that, based upon new figures, it appears that this huge deficit does not exist.

Mr. JOHNSTON of South Carolina. There is something else I should like to ask. How much will be charged off when it comes to giving the publishers a free ride?

Consider books. We voted about \$2 million more for second-class mail. In second-class mail there are numerous exemptions and cut rates. How much is to be charged to the other mailers, and what share of the burden should they bear when it comes to considering the deficit arising from second-class mail?

Mr. CLARK. I would not charge them anything more than the cost of carrying the mail.

Mr. JOHNSTON of South Carolina. In the second place, we charge up all that, and then say the deficit is so much.

Mr. CLARK. I think the Senator from South Carolina would agree that if he and the members of the Committee on Post Office and Civil Service, who prepared the figures, are correct, there is no reason for opposing the amendment, because it will not cost anyone any money anyway.

Mr. JOHNSTON of South Carolina. I agree that some of these magazines should be charged more than others. Based upon what has been brought out in many studies that have been made, probably there should be a fifth class.

Perhaps there should be a fifth class for those who are getting a free ride. Then it would be possible to show what that deficit would be, without having to count it against the others.

Mr. CLARK. I shall be happy to consider such a suggestion when the time comes; but in the meantime an immediate problem is confronting us.

Mr. LAUSCHE. Mr. President, will the Senator from Pennsylvania yield to me?

Mr. CLARK. I yield.

Mr. LAUSCHE. I do not know whether I correctly understand the arguments which have been advanced in favor of giving a so-called free ride to mail of this type. But the debate brings to my mind a situation which might develop when I was about to take an automobile trip to Cleveland. Some man might ask permission to ride with me on the trip. I would say to him, "Very well, but contribute a little bit to the expense." Perhaps he would reply, "Why should I? You are going there anyway, so I should be able to go with you for nothing." Such a suggestion would not impress me.

In order to distribute the cost as equitably as possible, I favor the proposal made by the junior Senator from Wisconsin and the junior Senator from Pennsylvania. We cannot very well charge the ordinary person 5 cents to send a letter, and then ask him to approve a subsidy of \$32 million for magazines.

Mr. CLARK. Mr. President, let me point out to my friend, the Senator from Ohio, that the reference made a moment ago was to only a small, selected list of

magazines. However, many others are also getting the same free ride. The ones listed here are only samples.

Mr. LAUSCHE. Mr. President, I desire to subscribe to the position taken by the junior Senator from Wisconsin and the junior Senator from Pennsylvania on this amendment.

Mr. CLARK. I thank my friend.

Mr. President, I yield the floor.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Pennsylvania [Mr. CLARK] for himself and the junior Senator from Wisconsin [Mr. PROXMIRE].

Mr. JOHNSTON of South Carolina. Mr. President, the so-called Rhodes amendment, carried in the postal rate bill, H. R. 5836, as passed by the House last August, is punitive legislation, and conceivably could force many newspaper and magazine publishers to suspend operations.

The Rhodes amendment provides that no publication shall incur costs in excess of revenues to the Post Office Department of more than certain amounts in any one fiscal year. The pending amendment would specify the amount as being \$1,800,000 for each fiscal year. The determination of such costs and revenues would be based upon cost ascertainment records of the Post Office Department.

This amendment most certainly should be stricken from any postal rate increase bill to be passed by the Senate. Among the numerous and imperative reasons for rejecting the amendment are the following:

First. The Rhodes amendment would be confiscatory to publishers and unworkable by the Post Office Department. The Postmaster General has stated publicly that it would raise a myriad of administrative problems and would be unworkable. The Department, although endorsing H. R. 5836, has excluded the Rhodes amendment from any consideration—see Post Office Department Press Release No. 23, for February 5, 1958, page 2.

Second. The Rhodes amendment would strip ratemaking authority from the Congress and would place it in the hands of the Postmaster General.

Third. The Rhodes amendment could permit the Postmaster General to set different rates for competing publications.

Fourth. No publisher could determine his postal rate charges until well after the close of any fiscal year. This would have a disastrous impact upon his tax accounting, as well as upon his profit-and-loss statements.

Fifth. The Rhodes amendment could result in endless litigation in the courts, and could tie up publishers' operating capital for many years, because at the present time it is almost impossible to say exactly what should be charged for the different classes.

Sixth. The Rhodes amendment ties postal charges directly to the cost ascertainment system. Department officials have testified repeatedly before congressional committees that cost ascertainment alone is not a proper vehicle for determining postal charges to mail users. Deputy Postmaster General Maurice

Stans, when appearing before the House Subcommittee on Appropriations, stated that the use of the cost ascertainment system as a ratemaking device is "a fallacy." Mr. Stans said:

That is the fallacy of cost ascertainment and it is a fallacy we have not only conceded, but called attention to in our rate hearings (p. 99, Treasury-Post Office Departments appropriations hearing for 1958, House of Representatives).

Seventh. In postal rate hearings before the House Post Office Committee, Postmaster General Summerfield stated for the record that the Department is unable to set individual costs of newspapers and magazines under its revised formula. Mr. Summerfield said, in part:

Each publication has its own unique distribution pattern; the need for standby facilities may vary with volume and weight; and even the value of service may differ from one publication to another. The 50-percent adjustment in total second-class costs was not designed to be applied against the costs of a specific publication. (P. 860, postal rate hearings, House Post Office and Civil Service Committee, 1957.)

Personally, Mr. President, I cannot understand how the amendment could be workable. For that reason, I must oppose it.

Mr. CARLSON. Mr. President, will the Senator from South Carolina yield to me?

Mr. JOHNSTON of South Carolina. I yield.

Mr. CARLSON. The chairman of the committee, the distinguished senior Senator from South Carolina, has just stated what will be the effect of the amendment, if agreed to, on the handling of second-class mail. Personally, I, too, do not understand how successful operations would be possible, under the amendment.

The chairman of the committee has pointed out, in at least 6 or 7 different ways, how the amendment, if put into effect, would cause real problems. In fact, I believe it would be disastrous to have the amendment go into effect. So I sincerely hope the Senate will reject it.

Mr. JOHNSTON of South Carolina. Mr. President, I yield the floor.

Mr. CLARK obtained the floor.

Mr. MORTON. Mr. President, will the Senator from Pennsylvania yield to me?

Mr. CLARK. I yield to my friend, the Senator from Kentucky.

Mr. MORTON. Mr. President, I regret at this point in the debate I feel it is necessary to take a little time to discuss the entire question of second-class mail.

For some time we have had an interesting and lively debate on the pending measure. Second-class mail involves a very technical problem. I believe a record must be made, so that we shall know exactly what we are discussing.

In this case we are dealing with newspapers, magazines, and publications of various kinds, issued by churches, fraternal organizations, and what not. I believe we shall get considerably off the track if we do not carefully analyze the great segment of the mail which comes in the second class.

On yesterday we became considerably involved in a debate in regard to people. People vote; the owners of magazines

and other publications vote, although the publications themselves do not vote.

On yesterday we got very far off the track, in discussing voters. I do not know how far off the track we shall get today, in discussing magazines. As I have said, the persons who receive magazines and those who send out the magazines vote; but the magazines themselves do not go to the polls, do not pull the levers, and do not vote.

Mr. CLARK. Mr. President, if the Senator from Kentucky will permit an interruption—

Mr. MORTON. Certainly.

Mr. CLARK. Let me say it is rather hard to oppose magazines with large circulation and with strong influence on public opinion—as is true of the magazines which will be affected if the amendment is agreed to.

Mr. MORTON. In a moment I shall discuss the effect on magazines if the amendment is agreed to.

On yesterday, all of us were very much impressed, I am sure, by the dramatic argument made by our friend, the junior Senator from Rhode Island [Mr. Pastore], in regard to what would happen to the housewives in Rhode Island as a result of confusion and uncertainty as to whether to use a 4-cent stamp or a 5-cent stamp.

I should think the Postmaster General would probably make Rhode Island one zone. I do not know what he would do. If a person writes a letter, he is not obliged to put "Conn." or "Mass." or "Ky." on the envelope, but if he wants it to reach its destination, he will put a nickel stamp on it. Anything mailed to "R. I." would probably require only a 4-cent stamp.

My State stands very low from an educational or literacy standpoint. I am afraid if it were not for the great States of Mississippi and Arkansas, Kentucky would stand last in a great many things. From everything I have read, Rhode Island is at the top. Rhode Island pays its teachers more. It has less illiteracy than has any other State in the Union.

I am not too concerned about what would happen because of the decision a housewife would have to make as to whether a letter required a 4- or 5-cent stamp. I am not so concerned about that; what does concern the housewives in Kentucky is finding enough money to buy any stamp, at any price. That is my chief concern.

However, we went through all that yesterday. Now we are considering the second-class mail rate, which is much less personal. Therefore, we tend to approach that question, shall I say, much less objectively.

Let us consider the question of second-class mail. This year 7 billion pieces of second-class mail will be going through the post office. The losses in second-class mail referred to, as obtained from the cost-ascertainment report of the Post Office Department, applied to those 7 billion pieces.

The amendment offered by my good friend, the distinguished Senator from Pennsylvania, deals with magazines, which comprise 1.4 billion pieces of the 7 billion pieces.

As the Senator from Montana [Mr. MANSFIELD] said yesterday, the question is asked, "Is it not true that second-class mail results in a loss of a quarter of a billion dollars, under the cost-ascertainment report?" My reply is that it does, but does that mean that magazines and newspapers should pay the load for the other pieces of mail that go through second class? I do not think so. I do not believe that is our intent.

As a matter of public policy, it has been decided that certain items should go through the mails at very reduced rates. Nobody thinks such items should pay their way. It is a good thing that we have decided that such items should go through the mails in that way, such as publications of religious organizations, fraternal organizations, and non-profit organizations. They get lower rates for having their mail handled. No amendment is being offered to kill such arrangements. We do not want to strike down any such policy. Most of such organizations are willing to pay a little more, since costs have increased, and they will have to pay a little more under the bill. However, is it contended that, because the Ladies' Home Journal is second-class mail, therefore it must pay not only its own way, but must pay the way of other publications?

There are approximately 7 billion pieces of second-class mail. There are certain publications known technically in the Post Office Department as exempt from zone rates. Those are nonprofit publications. One billion three hundred and seventy-five million pieces of such publications make up some of the second-class deficit.

Publications with 5 percent or less advertising get special treatment. They are handled today at one-half cent a copy.

Free in-county pieces of mail amount to 387 million.

Newspapers other than dailies are handled at four-tenths of 1 cent a copy today, and there are 675 million pieces of that type of mail carried by the postal service.

Religious, educational, and welfare publications have 68 million pieces of mail handled, at a cost of three-tenths of 1 cent a copy.

The total of the categories I have just given amounts to just under 3 billion of the total 7 billion pieces of mail.

That amounts to roughly 40 percent of the total.

Then we get into another category, exempt classroom publications. They average 8.9 ounces each, and are handled for 1 cent. The total number of pieces of mail in that category is 39 million.

One billion, six hundred and thirty-five million pieces of daily newspapers are carried in the mails, at a cost of nine-tenths of a cent.

Agricultural, business, and professional publications amount to 735 million pieces, with an average weight of 5 ounces, and are carried at nine-tenths of a cent each.

The total of these publications represents nearly 40 percent of the second-class matter.

There are left magazines and periodicals of general interest, amounting to

1,445 million pieces of mail in 1956. That number probably will be 1,600 million this year. Such publications are second-class mail.

They constitute about 20 percent of the second-class mail, an average of 2 cents a copy is paid, and the weight averages 12.4 ounces.

In the delivery of mail, weight is an important factor. We have to pay the same amount to get an item from Washington to Chicago as we do from "Cracklin' Crossin" to "Chitlin' Switch." The same charge is made, but the big cost is in taking the piece of mail to its ultimate destination. Delivering the mail involves the big cost. One does not have to be a cost accountant to understand that, because anyone who sold lemonade when he was a youngster can understand it. The same process is involved.

There is a magazine published, which may not be known to all the Members of the Senate, but I am sure is known to their wives, the Ladies' Home Journal. That magazine is not subject to the criticism which was recently made concerning liquor, tobacco, and beer advertisements. That magazine does not carry any liquor advertising, and never has. So we can talk about it and keep it within the area of postal rates and not get into an emotional discussion.

Mr. CLARK. Mr. President, will the Senator yield?

Mr. MORTON. I yield.

Mr. CLARK. I hope, before the Senator gets through with his comments, he will make some sort of analysis of the carrying charges for Life magazine and not just confine himself to that pure magazine published by the Curtis Publishing Co. of Philadelphia, the Ladies' Home Journal.

Mr. MORTON. I was sure the Senator was going to offer an amendment. I assure him that I did not pick out that magazine because it is published in his hometown, but I may point out that Louisville, Ky., is a great publishing center, and if the Curtis Publishing Co. wants to move there, we shall be glad to have them.

Mr. CLARK. Mr. President, will the Senator yield briefly?

Mr. MORTON. I yield.

Mr. CLARK. Even though the magazine does not take any liquor advertising?

Mr. MORTON. Even though it does not take any liquor advertising.

Ninety-two of the 120 counties in Kentucky are dry, I will say to the Senator. What can the Senator say about Pennsylvania?

I have in my hand a copy of the Ladies' Home Journal. I have figures for the year 1956, which I think is the last year for which we have figures.

Forty-four and one-half million copies of this magazine were distributed during the 12-month period. The total weight of these magazines was 70 million pounds. The Curtis Publishing Company paid to the United States Post Office for the distribution of this magazine \$1½ million, or 3.4 cents a copy.

I say, weight is a factor. The magazine, over the years, will run about 1¼ pounds a copy. Weight is a factor, yes,

but all the figures prove that weight is a very small factor when one comes to the point of estimating cost. There is a problem of getting the magazine into the rural area, to Bethesda, or to wherever the neighborhood may be, to the individual home owner. That delivery is what costs money.

This magazine, The Ladies Home Journal, pays 3.4 cents a copy under present law, without any amendment to the law, and without passage of the bill the Senate is now considering. The magazine pays that much.

One can get all kinds of figures. Someone made a comment yesterday as to an interesting simile on figures and liars. Any way one slices it up, 3.4 cents a copy is, I think, pretty good pay for distributing this magazine.

Mr. LAUSCHE. Mr. President, will the Senator yield?

Mr. MORTON. I am happy to yield.

Mr. LAUSCHE. I say frankly to the Senator that I find difficulty in justifying a charge of 5 cents for a small letter as compared to 3.4 cents, or whatever it is, for that magazine. That is where my difficulty resides on this issue.

Mr. MORTON. I can well understand the position of the Senator from Ohio. I should like to point out, first, that this magazine is handled second, after there is a treatment of the letter which the Senator will send for 5 cents. There is no question about that.

Mr. CLARK. Mr. President, will the Senator yield?

Mr. MORTON. I yield.

Mr. CLARK. I am sure the Senator is familiar with red-tag treatment.

Mr. MORTON. Absolutely.

Mr. CLARK. Is the Senator completely accurate in his statement?

Mr. MORTON. Yes. This service comes absolutely after first class. Red-tag treatment does not provide any handling for the magazine until the first-class mail has been handled.

For instance, there has been some discussion as to night shifts. We would not have night shifts in the post offices if it were not for the first-class mail. The night shift is a part of the extra cost.

Incidentally, as to those who work at night, I am in favor of giving them 10 percent extra.

A part of that cost comes under the cold-blooded cost ascertainment system against all classes of mail.

Another thing which I might point out to my colleague, the Senator from Ohio, is that there is such a thing—it is a cruel statement, but it is true, and applies to business—as charging all the traffic will bear. I do not buy butter and skim milk for the same price, but they both come from the same cow. I think that has to be taken into consideration in the establishment of rates for the Post Office Department, or in the prices for any business anyone may conduct—I care not what the business may be.

I have in my hand another magazine. This magazine, in the same year to which I referred, was distributed or sent through the mail, to the number of 1,189,000 copies. This is a light magazine. It is very light compared to the Ladies Home Journal.

The cost of shipping 100 of these magazines, compared to the cost of shipping 100 of the heavier Ladies' Home Journal magazines, between here and Chicago, is very different. I admit that. Shipping costs for this light magazine would be much cheaper. It is a much lighter magazine.

However, the cost of assorting the magazines, of putting the magazines in the car or truck of the employee who delivers them and carrying the magazines onto the rural route out of a third-class post office, is a different thing. When we take into consideration that cost—and it is the major cost—there is not too much difference in the cost of distributing these two publications.

Let us see what this second publication paid. One million one hundred and eighty-nine thousand copies of this publication were sent out, through the Post Office Department. The Department received, for circulating nearly 1.2 million of these copies, from the city of New York all over the country, or wherever it goes, the sum of \$2,300.

This magazine was taken all over the country for less than two-tenths of a cent a copy. This magazine will not be affected by the amendment offered by the Senator from Pennsylvania, since it does not have enough circulation. However, for two-tenths of a cent a copy, 1.2 million copies of this magazine were sent all over the country. This magazine happens to be *The New Republic*.

My point is this, Mr. President: We have an overall cost for delivery of the second-class mail somewhere in the neighborhood of 2.9 cents—from 2 to 3 cents—out-of-pocket cost for each package that is handled. Let us say that we should charge an additional 10 percent for the heavy package as against the light—or 20 percent, 30 percent, or 100 percent. I will take any figure that is within reason. Certainly the big cost in the handling of second-class mail is the assortment, the distribution, and the carrying of it.

If it is necessary to carry one page out to the 10,000 block in Bethesda, Md., that does not cost much less than carrying 50 pages to one address. It is a fact that the call has to be made.

I think we have to consider the second-class mail in that category. We must remember that only 20 percent—less than 20 percent of all the 7 billion pieces of second-class mail are magazines of any sort. All the magazines are included in that group, and they only add up to 20 percent.

We are trying here, it seems to me—not simply by the amendment offered by the Senator from Pennsylvania, but in the entire discussion—to make that twenty-odd percent carry the load for all the second-class mail. There is no more sense in that particular groups carrying the load than there is in having parcel post or anything else carry the load.

Mr. CLARK. Mr. President, will the Senator yield briefly?

Mr. MORTON. I yield.

Mr. CLARK. Is the Senator's statement based in part on the fact that the cost ascertainment figures referred to in the debate are inaccurate?

Mr. MORTON. No. The cost ascertainment figures I feel are the best set of figures that can be devised. I think independent accountants have come to that conclusion. They are the best set of figures that can be devised for what they are—cost ascertainment.

As has been pointed out on numerous occasions, the cost ascertainment figures in themselves do not spell out the yardstick or rates. We are talking about two entirely different things.

Mr. CLARK. If the Senator will yield for one moment more, I would be grateful to the Senator indeed—and I suspect Mr. Luce would, also—if the Senator would address himself to the justification for the carrying by the Post Office Department of *Life* magazine at a loss of \$9.2 million last year, according to the cost ascertainment figures which my friend thinks have at least some veracity.

Mr. MORTON. I do not question the veracity of the cost ascertainment figures. They are completely academic. They represent a completely cold set of figures which deal with a problem. Every Postmaster General throughout history has tried to explain to the Congress that those figures are an arbitrary set of figures, the best that judgment can dictate. They certainly have nothing to do with ratemaking, and never have had anything to do with that, except as a guide.

Mr. DOUGLAS. Mr. President, will the Senator yield?

Mr. MORTON. I should like to answer the question about Mr. Luce, inasmuch as the Senator from Pennsylvania brought him into the discussion.

What is the amount the Senator mentioned; \$9 million?

Mr. CLARK. I think if the Senator will refer to the hearings, he will find it stated on page 94 thereof.

Mr. MORTON. Which hearings?

Mr. CLARK. The hearings before the Senate committee. I think a copy of the hearings is on the desk in front of the Senator.

Mr. MORTON. Yes. I have the hearings.

Mr. CLARK. The Senator will observe that the United States Post Office Department estimated annual revenues and costs of selected leading magazines.

The publication of *Life* magazine brought in a revenue of \$7,485,000, at a cost of \$16,979,000, making a difference—cost minus revenue—of \$9,494,000.

If my friend will bear with me for a moment, the estimate on page 95 is that in 1956 *Life* magazine had a weekly circulation of 5,714,310 copies. Of this total, about 4,800,000, or 84 percent, were carried through the mails. This amounts to 249,600,000 copies of *Life*, having a combined weight estimated at more than 280 million pounds, which were distributed by postal carriers during the year. There were no statistics as to the number of flat feet thereby engendered. [Laughter.]

Mr. MORTON. We were discussing *Life* magazine. The figures which the Senator has read are, I believe, a year later than my figures, but they are authentic. I have a figure of 248.3 million copies. If I am a quarter of 1 percent off,

it is because I am using a previous year's figures.

Mr. CLARK. I am happy to accept my friend's figure.

Mr. MORTON. *Life* magazine paid 3 cents a copy in 1956 for postal service. As I say, the average cost of carrying a piece of mail second class is about 2.9 cents a copy, if we assume that they are all the same weight. *Life* has more weight than the 1-page or 2-page publications. Therefore, it should pay a greater portion of the cost. There is no question about that. I believe *Life* magazine is willing to do so. However, on today's rate—and we are about to raise it 60 percent—it pays a little more than the out-of-pocket expenses of the Department for handling it.

This is what would happen if we were to adopt the amendment offered by the Senator from Pennsylvania. Under his amendment, which would change the Rhodes amendment from \$100,000 to \$1,800,000, the question of whether the rate makes money or loses money for the Post Office Department is to be determined by the Postmaster General. Of course, when it comes to paying the bill, whatever the Postmaster General assesses against anyone, the final adjudication will not be made by the Postmaster General. It will be made by 12 men in a jury box. I do not happen to be a lawyer, but I can hire one; and I would take the case on a contingent basis for either *Life* magazine or *Ladies Home Journal*, on the question of whether or not they are going to pay their way.

As I pointed out, for two-tenths cents a copy we are distributing not only this magazine, but millions of other magazines, all over the country. Because there is no reaction at the polls, it is easy for us to say, "Why should not the big fellows carry all the load?" I maintain that they are carrying almost their full share of the load now. This bill means that they will be carrying more than their share of the load, or at least their equitable share of the load.

If we want to put second-class mail on a break-even basis, let us be honest and do it; but let us remember that 80 percent of the 7 billion pieces of mail carried second class are receiving preferential treatment because of action taken by this body.

The Post Office Department is a unique institution. Here we are, a group of legislators on Capitol Hill. Because we control are not only the prices the Department charges for its services, but the wages it pays its employees, we have the responsibility for the management of the Post Office Department. We do not like it. It is much easier, when we are here in this rarefied legislative atmosphere, to forget the responsibilities of actually administering a department of Government or a private business. However, we have that responsibility. We have never seen fit to give the Postmaster General, the Interstate Commerce Commission, or any other agency the authority for setting rates, which are prices. We have never seen fit to give those agencies the authority for setting wages, which, in the case of the Post Office Depart-

ment, represent about 90 percent of its costs.

Therefore I appeal to my colleagues to face up to our responsibility for the actual operation of the department. Let us straighten up and fly right, and defeat this amendment, which could not be administered even if it were adopted.

Mr. JAVITS. Mr. President, in connection with the amendment heretofore offered by me on behalf of the Senator from Maryland [Mr. BEALL] and myself, which amendment has been previously agreed to, I ask unanimous consent to offer for consideration at this time a perfecting amendment, to insert, after the word "mailed" the words "for local delivery," so as to read:

And except that any such minimum charge per piece when mailed for local delivery on or after July 1, 1959, shall be 2 cents—

And so forth.

The PRESIDING OFFICER. Is the Senator from New York asking unanimous consent to present his amendment while the amendment offered by the Senator from Pennsylvania is pending?

Mr. JAVITS. I am.

The PRESIDING OFFICER. And that it be agreed to by unanimous consent?

Mr. JAVITS. I ask such unanimous consent.

The PRESIDING OFFICER. Is there objection?

Mr. MORTON. Mr. President, reserving the right to object, what is the nature of the amendment?

Mr. JAVITS. It is merely a perfecting amendment to an amendment already adopted.

The PRESIDING OFFICER. Is there objection to the consideration of the amendment at this time? The Chair hears none.

Mr. JAVITS. Mr. President, let me offer a word of explanation. In the colloquy relating to this question it was made very clear that the amendment was premised upon the effort, first, to benefit the small-business man, and second, to represent a commensurate saving to the Post Office Department, as compared with the diminution in revenue. The postal authorities, who have since studied the amendment very carefully, say that the addition of the words which I have offered, confining the operation of the amendment to local delivery, which, on first class, will require a 4-cent stamp, will do exactly what we have in mind. For that reason I desired to put the amendment in exactly the form we have in mind.

The PRESIDING OFFICER. Without objection, the amendment to the amendment is agreed to, and the amendment as amended is agreed to.

The question now recurs on agreeing to the modified amendment offered by the Senator from Pennsylvania [Mr. CLARK], for himself, the Senator from Wisconsin [Mr. PROXMIRE], and the Senator from Ohio [Mr. LAUSCHE].

Mr. CLARK. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. CLARK. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

The question is on agreeing to the amendment, as modified, offered by the Senator from Pennsylvania [Mr. CLARK], on behalf of himself, the Senator from Wisconsin [Mr. PROXMIRE], and the Senator from Ohio [Mr. LAUSCHE].

Mr. KNOWLAND. Mr. President, I ask for the yeas and nays.

The yeas and nays were ordered.

Mr. HUMPHREY. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The Secretary will call the roll.

The legislative clerk proceeded to call the roll.

Mr. MONRONEY. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. MONRONEY. Mr. President, I reluctantly must oppose the amendment of my dear friend, the distinguished junior Senator from Pennsylvania [Mr. CLARK], for whom I have great respect. I have again studied the amendment. I feel this is bad legislation.

In the first place, the committee amendment, I think, quite properly provides for three annual raises in the rates on the advertising content of all magazines. These 3 increases are at a rate of 20 percent a year, or a total increase of 60 percent on the advertising content of magazines.

The bill also provides for 3 annual raises of 10 percent each on the editorial content of magazines. That mean a 30-percent increase in that category.

I think the objective sought to be reached by the Senator from Pennsylvania will be equitably achieved by letting the publication consisting largely of advertising pay the greater proportion of the loss to the post office on second-class mail.

The magazines carrying chiefly editorial comment—such as the Atlantic Monthly, Harper's, and others—would pay a 10-percent increase each year of a 3-year period, or a total increase of 30 percent.

The amendment of the distinguished Senator from Pennsylvania would penalize a magazine because it had a large circulation. No one will dispute the statement that practically every magazine which is sent through the mail is subsidized. It may be subsidized by only 1 cent a copy; or it may be subsidized by 5 cents a copy. But what we should consider is the amount of subsidy on each copy of the magazine.

If a publishing firm is able to build up the circulation of one of its magazines to 3 million or 5 million copies, should we penalize it because the public wants to buy the magazine? This is what builds its circulation. The amendment of the Senator from Pennsylvania would create an inequitable situation by penalizing a publisher because his circulation is large,

although the amount of the subsidy per copy may be the same as that of another magazine which is exempt from the extremely high increase in postage rates. We shall be penalizing a publisher having a large circulation because his publication is one which the public chooses to buy in large quantities.

I do not believe Congress should legislate in that way. I do not believe it should legislate with a finger pointed at 2, 3, or 4 large magazines. I do not think it is fair to try to collect from a magazine with large circulation three times the amount of postage which would be collected from magazines whose circulation is small.

I hope the Senate will reject the amendment. I think that the provisions in the bill for a 20-percent increase on advertising matter in each of 3 years and a 10-percent increase on news and editorial content in each of 3 years is a very fair and equitable way of requiring magazines to pay a greater proportion of the second-class costs than they are now carrying.

Mr. CLARK. Mr. President, I shall not detain the Senate long, because a few of us had a very happy little debate on this amendment when the Chamber was almost empty earlier today. I am under no illusions as to what will happen to the amendment offered by the junior Senator from Wisconsin [Mr. PROXMIRE] and myself. Therefore, the Senate should vote quickly and get it over with.

The purpose of the amendment is to restore to the Senate committee bill, with one modification, a section which is already in the House bill and is known as the Rhodes amendment, which was offered by my distinguished Pennsylvania colleague, Representative GEORGE M. RHODES, and was adopted by the House.

If the amendment were adopted, it would limit to \$1,800,000 the free ride which a substantial number of large magazines—which today are operating at a profit, and carry enormous amounts of advertising—would be able to take at the expense of the Post Office Department.

If my colleagues will examine page 94 of the hearings, they will find a list of some—but not all—of the magazines which presently are obtaining Federal subsidies totaling \$32,185,000.

If the amendment is agreed to, it will limit to \$1,800,000 the subsidy to be received by any one magazine. Thus, the pending amendment provides for an increase in the figure provided in the Rhodes amendment, inasmuch as the Rhodes amendment called for a \$100,000 limit.

Mr. DOUGLAS. Mr. President, will the Senator from Pennsylvania yield to me?

Mr. CLARK. I am happy to yield to my friend, the Senator from Illinois.

Mr. DOUGLAS. I wish to make sure I understand the issue. Do I correctly understand that an accurate computation would be made of the cost of transporting these magazines through the mails, and from that amount, as deter-

mined, there would be subtracted the amount of the revenues from them?

Mr. CLARK. That is correct.

Mr. DOUGLAS. And the difference would be the subsidies; is that correct?

Mr. CLARK. Yes.

Mr. DOUGLAS. Therefore, I understand that the Senator from Pennsylvania and the Senator from Wisconsin are proposing that such a subsidy, in the case of any one magazine, could reach \$1.8 million, but could not exceed that amount.

Mr. CLARK. Beyond that amount, the publishers of the magazine would have to pay the cost of delivering it.

Mr. DOUGLAS. However, if each of the publishers was given a subsidy amounting to \$1.8 million a year, there is no likelihood that he would have to begin to beg on the streets, is there?

Mr. CLARK. I think that would be most unlikely.

Mr. DOUGLAS. Whereas, in the case of the farmers, we have limited to \$3,000 a year the payments which may be received by each farmer.

Mr. CLARK. That is my understanding.

Mr. DOUGLAS. So I understand that the Senator from Pennsylvania is proposing a very modest amendment, namely, that each of the publishers of such magazines shall be permitted to receive a subsidy 600 times greater than the maximum subsidy allowed to be received by any one farmer.

Mr. CLARK. That is correct.

Some persons may ask why I use the figure \$1.8 million. I do so, I say frankly, in order to establish the principle. But if the amendment is accepted and goes to conference, perhaps a more moderate figure may be arrived at. I personally favor \$100,000.

Mr. DOUGLAS. I am astonished at the moderation of the Senator from Pennsylvania.

Mr. MONRONEY. Mr. President, will the Senator from Pennsylvania yield to me?

Mr. CLARK. I yield to my friend, the Senator from Oklahoma. Let me say that I am greatly chagrined to find that in this instance I disagree with his view. I do not often find myself in disagreement with him.

Mr. MONRONEY. Mr. President, whenever I find myself in disagreement with the distinguished Senator from Pennsylvania, I become quite worried that I may be wrong.

Mr. CLARK. I trust that that is the case in this instance. [Laughter.]

Mr. MONRONEY. Does the Senator from Pennsylvania have available the figure for the amount of subsidy paid last year to Collier's magazine?

Mr. CLARK. No; I do not.

Mr. MONRONEY. It would almost equal the amount of the subsidy paid to the Saturday Evening Post, would it not?

Mr. CLARK. I think that is likely.

Mr. MONRONEY. Does the Senator from Pennsylvania have the latter figure?

Mr. CLARK. Yes. According to the annual estimated revenue figures of the Post Office Department, the Saturday

Evening Post was carried through the mails at a loss of \$6,069,000.

Mr. MONRONEY. Is it correct that the pending amendment would increase the cost of operation of the Saturday Evening Post by the difference between what it paid and the cost of handling arrived at by the Post Office?

Mr. CLARK. Yes.

Mr. MONRONEY. If the pending amendment had been in effect last year would it not have hastened the death of the great Collier's magazine?

Mr. CLARK. I find myself compelled to disagree with the conclusion reached by my friend, the Senator from Oklahoma, because I have some information about what caused the demise of Collier's magazine. I do not believe it was the second-class mail rate which Collier's either had to pay or did not have to pay.

If I may say so, Mr. President, I believe that if the amendment is put into effect Life magazine, Time magazine, Confidential magazine, and other magazines which are now receiving substantial subsidies will raise, first, their subscription rates, and, second, their advertising rates, thus imposing on the readers more of the cost of carrying those magazines in the mails.

Mr. MONRONEY. But my point is that the proposed increase would not fall only on the very profitable magazines. I fear that, although the rich magazines may be able to pay the increase called for by the amendment, the smaller and the growing magazines would be forced out of business, thus further concentrating control of public information in the hands of the very few. I fear that it is always the rich that survive the penalties that Congress imposes, whereas the poor are liquidated.

Mr. CLARK. Much as I dislike to disagree with the distinguished Senator from Oklahoma, I believe he will find that the poor magazines which support the political point of view which he and I share would not be affected at all by this amendment. [Laughter.]

Mr. HUMPHREY. Mr. President, will the Senator from Pennsylvania yield to me?

Mr. CLARK. I yield to my friend the Senator from Minnesota.

Mr. HUMPHREY. The argument made by the Senator from Oklahoma is interesting and is almost compelling. However, I notice a very serious fallacy in it. The Senator from Oklahoma has stated that he believes the amendment, if enacted, would literally place a burden upon magazines which are less than prosperous and would make it possible for the more prosperous publications which have gigantic subscription lists to do even better. I understand that to be the burden of his argument.

However, is it not true that the amendment provides that any magazine which receives such a subsidy will be able to receive up to, but not in excess of, \$1,800,000?

Mr. CLARK. Yes. I think it should be stated frankly that the kind of magazines or newspapers for which I plead, and for which I am willing to fight, in companionship with the Senator from

Oklahoma, would not be involved at all by the amendment, because they do not carry sufficient advertising; neither do they weigh enough to give flat feet to so many letter carriers. [Laughter.]

Mr. HUMPHREY. Mr. President, will the Senator from Pennsylvania yield further to me?

Mr. CLARK. I yield.

Mr. HUMPHREY. I do not like very much many of the magazines listed on page 94 of the hearings, in the Post Office Department exhibit which shows the revenues and the cost of delivery of those publications. As a matter of fact, I do not particularly care for some of the magazines referred to today, which do not carry much advertising. I shall not base my views on the pending amendment on my like or dislike of particular magazines, of course.

Mr. CLARK. The Senator from Minnesota is a man of discriminating taste.

Mr. HUMPHREY. But I wish to say that the magazines which receive the larger subsidies carry a great deal of advertising. They do not make their money from the editorials they publish. Instead, they make their money from the advertising they carry.

Many of these magazines carry advertisements of airplanes, rockets, and missiles—which I doubt that any consumer would buy, to use for a weekend trip. These magazines carry huge, full-page advertisements of B-52's, B-58's, the Thor, the Jupiter, and other rockets and missiles. The cost of all those advertisements is charged to Uncle Sam, as a cost which the United States Government itself pays. There is no market for rockets, missiles, and fighter planes, except the United States Government—I hope. Yet the cost of those advertisements is tax deductible, is carried as a business expense, and is paid by the taxpayers of the United States.

Mr. President, I do not wish to be misunderstood. I enjoy looking at such advertisements; they give me a thrill of patriotic fervor and a realization of the strength of our country. But I see no reason why such magazines should be subsidized to the tune of \$5 million, \$6 million, or \$8 million.

Mr. CLARK. Or \$9 million.

Mr. HUMPHREY. I am of the opinion that almost any business in this country would be willing to settle today, if it could, for a guaranteed subsidy of \$1,800,000. I can think of many businesses which today are paying their way in the Post Office Department, which would simply love to have the Senate of the United States adopt an amendment providing that all their shipping costs, up to \$1,800,000, would be handled on a subsidized basis. They would say to such a proposal, "Jolly good," I believe.

In my opinion the argument boils down to this: The magazines which carry the largest amounts of advertising are the ones which have the largest circulation. The magazines which have the largest circulation are the ones which receive the largest subsidies. So the ones with the largest circulation and which receive the largest subsidies carry the largest amounts of advertising, and make the most money.

Mr. CLARK. That is correct.

Mr. HUMPHREY. Those magazines are also the ones which, because of their circulation, can obtain more advertising, and can thus afford to pay the cost of shipment. If one of those magazines receives a subsidy of \$1,800,000—and let me say that the amendment of the Senator from Pennsylvania is generous, as compared to the limitation voted by the House of Representatives, which I believe was \$100,000—

Mr. CLARK. That is correct.

Mr. HUMPHREY. In other words, the amendment of the Senator from Pennsylvania is \$1,700,000 more generous than the provision voted by the House of Representatives.

Mr. CLARK. Yes. The Senator will recall that he and I have a reputation with some of our colleagues of being unduly generous in such matters.

Mr. HUMPHREY. Mr. President, I do not know how the Senator from Pennsylvania is regarded by others; but by me he is regarded as being a man who is humble, generous, and of brilliant and scintillating intellect. [Laughter.]

Mr. CLARK. I thank the Senator from Minnesota.

Mr. DOUGLAS. Mr. President, will the Senator from Pennsylvania yield to me?

Mr. CLARK. I yield.

Mr. DOUGLAS. Do I correctly understand that the weekly and monthly magazines which are receiving these huge subsidies are also very much opposed, editorially, to the payment of subsidies to others?

Mr. CLARK. It seems to me that on the rare occasions when I have read them that has been their policy.

Mr. DOUGLAS. I read their editorials very carefully, and I find them very much opposed to what they term farm subsidies.

Mr. CLARK. The Senator is correct.

Mr. DOUGLAS. Is it not a good moral rule that one should not seek to impose on others what he is not willing to have imposed on himself?

Mr. CLARK. That is what I was taught on my mother's knee.

Mr. DOUGLAS. If one is not willing to have someone else get subsidies, then he should be willing not to accept subsidies for himself; Is that correct?

Mr. CLARK. That seems to be a good moral precept.

Mr. DOUGLAS. And one who so believes should not seek subsidies?

Mr. CLARK. That is correct.

Mr. DOUGLAS. Therefore, would we not be helping the big publishers preserve their moral character by insisting that they not receive subsidies?

Mr. CLARK. The Senator from Illinois has made an extremely good case for it.

Mr. DOUGLAS. And should not they be grateful for our helping their moral character in this way?

Mr. CLARK. I fear that will not be their reaction. [Laughter.]

Mr. PASTORE. Mr. President—

The PRESIDING OFFICER. The Senator from Rhode Island.

Mr. PASTORE. Yesterday I took occasion to raise a question with reference to differential rates as between local and

nonlocal letters. It has come to my attention since then that the distinguished Postmaster General, Mr. Summerfield, spoke on this subject at a hearing before the House Committee on Post Office and Civil Service in 1956, to be exact, on April 25, 1956. On the general subject of a differential as between local and nonlocal letters, the Postmaster General of the United States had this to say:

Certain Members of the Congress have emphasized to this committee the operating difficulties and inequities in a rate differential between local and nonlocal first-class letter mail.

This is what the Postmaster was saying:

Any rate differential between local and nonlocal first-class letter mail would be discriminatory, costly, and extremely difficult to administer.

The term local mail is difficult to define. In Memphis, Tenn., it means 100 square miles, while in Kingsport, Tenn., it means 5.5 square miles. In Chicago, Ill., it embraces 207.5 square miles; in Aurora, Ill., only 8.1 square miles.

In terms of population, local mail is equally confusing. In Saybrook, Ill., it reaches 485 families; in Los Angeles, over a half million.

The boundaries of local mail seldom coincide with those of the community. In New York only 2 of the 5 boroughs can be reached at the local rate, while in Boston, local includes the entire city as well as the nearby cities of Cambridge, Chelsea, Newton, and Medford.

A local rate clearly discriminates in favor of large cities. The smaller the community, the less significant is the local rate. Such a rate would be clearly discriminatory since it provides a wide difference in service to patrons paying the same rate of postage.

The post office in New York City would serve at the local rate more people than could be reached at the nonlocal rate in Nevada, Wyoming, Montana, South Dakota, New Mexico, Idaho, and Utah combined.

This is what the Postmaster said:

Public confusion would be widespread. In Long Island, for example, Kew Gardens and Queens Village are stations of Jamaica, while Elmhurst, Forest Hills, and Jackson Heights are stations of Flushing. These are all large independent communities in close proximity in a very congested part of Long Island. People address mail to the community—not to its parent post office. Few people would know the difference between local and nonlocal mail in this area.

As a result of public confusion, there would be a sharp increase in postage-due mail, which costs the post office an additional 5 cents to deliver and is extremely annoying to the recipient.

In many areas mobile highway units are replacing local post offices. One such highway post office in the South covers 300 miles and numerous communities. What will be the meaning of local mail under such a distribution scheme?

That is the question he is raising. He said further:

Furthermore, a rate differential is not justified by differences in cost between local and nonlocal letters since transportation charges are an inconsequential share of the cost of delivering a single letter. The main costs in mail distribution are for collecting, sorting, and delivering operations which must be performed regardless of the destination of the letters.

Mr. President, in view of what has been said on the floor of the Senate on the question, and in view particularly

of what was said by my distinguished friend the junior Senator from Kentucky [Mr. MORTON] only a short while ago, I wish to point out that no greater argument could be made in opposition to the 5-cent nonlocal rate than that made by the Postmaster General himself when he testified before the House committee less than 2 years ago.

Mr. HUMPHREY. Mr. President, will the Senator yield?

Mr. PASTORE. I yield.

Mr. HUMPHREY. The Senator from Rhode Island knows of the great admiration for him and the esteem in which he is held by his colleagues. I must say when I heard the able and distinguished Senator from Oklahoma [Mr. MONRONEY] and the equally able and distinguished Senator from Rhode Island [Mr. PASTORE] debate the question in an attempt to do away with such a differential, I myself thought the argument was persuasive, eloquent, cogent, logical, and original, and I was deeply moved. Now I learn the Senator from Rhode Island was merely getting his inspiration from the Postmaster General, who in 1956 had the right idea, but who, somehow or another, in 2 years, has wandered astray and has been led into pathways which do not follow the same kind of logic which he presented in 1956—or, if not the Postmaster General, perhaps it is those who are advising him. I wish to commend the Senator from Rhode Island.

Mr. PASTORE. All I wish to say to the Senator from Minnesota is that I properly and promptly decline to occupy the pedestal on which his praise would place me. I think the Postmaster General is deserving of the compliment, because I think he has said it better than anyone else has.

Mr. HUMPHREY. All I want to say is that the Postmaster General's words were solid and sound and constructive, but the Senator from Rhode Island gave them the fire, zeal, and persuasiveness which I thought should have brought about a majority vote in his favor.

Mr. CARLSON. Mr. President, will the Senator yield?

Mr. PASTORE. I yield.

Mr. CARLSON. I merely point out that the Postmaster General did not this year testify for local and nonlocal mail rates. He did not appear before our committee. I think his position was sound. If it was sound then, it is sound now. The committee took this action.

Mr. CARLSON subsequently said: Mr. President, this afternoon in a colloquy with the Senator from Rhode Island [Mr. PASTORE] and the Senator from South Carolina [Mr. JOHNSTON], the chairman of the Committee on Post Office and Civil Service, I stated that the Postmaster General had not testified in behalf of the 5-cent out-of-town and 4-cent local rate for first-class mail. I find I was in error.

I ask unanimous consent, therefore, that the colloquy of this afternoon be corrected so as to show that the Postmaster General did testify concerning the 5-cent out-of-town and 4-cent local first-class rate.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. PASTORE. I merely say, in favor of the argument which was made yesterday against the 5-cent proposal, the same argument was used by the Postmaster General himself less than 2 years ago, when he appeared before the House committee. If it was inequitable and confusing to have local and nonlocal rates for first-class mail in 1956, it is just as inequitable and just as confusing to have them now, on this very fine day in February 1958.

Mr. MORSE. Mr. President, will the Senator yield?

Mr. PASTORE. I yield to the Senator from Oregon.

Mr. MORSE. I wish to express my thanks first, to the Senator from Rhode Island for bringing to our attention the clear supporting evidence of the brilliant argument he made yesterday afternoon, the evidence coming today from the Postmaster General; and, second, I desire to thank my good and close friend, the Senator from Kansas [Mr. CARLSON], for pointing out that the Postmaster General did not do this; the committee did it.

Mr. JOHNSTON of South Carolina. Let us keep the record straight, Mr. President.

Mr. MORSE. I suggest to the Senator from Rhode Island that what we must do, it seems to me, is have the statement of the Postmaster General typed out and placed in the hand of every Senate and House conferee who will handle this bill, because I think the only hope of protecting the people from the gross injustice the 5-cent stamp program will inflict upon them is to see to it that the recommendations of the Postmaster General 2 years ago are carried out.

SEVERAL SENATORS. Vote! Vote! Vote!

Mr. JOHNSTON of South Carolina. Mr. President, let us keep the record straight. The Postmaster General did appear before the committee and testified not for 1 day, but for several days in regard to the 5-cent rate and the \$175 million, and what it would be used for and various things. I hold that testimony in my hand.

SEVERAL SENATORS. Vote! Vote! Vote!

The PRESIDING OFFICER. The question is on agreeing to the modified amendment offered by the Senator from Pennsylvania [Mr. CLARK], for himself and the Senator from Wisconsin [Mr. PROXMIRE]. On this question the yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk called the roll.

Mr. MANSFIELD. I announce that the Senator from Colorado [Mr. CARROLL], the Senator from New Mexico [Mr. CHAVEZ], the Senator from Wyoming [Mr. O'MAHONEY], and the Senator from Missouri [Mr. SYMINGTON] are absent on official business.

The Senator from New Mexico [Mr. ANDERSON] is absent because of illness.

Mr. DIRKSEN. I announce that the Senator from Nebraska [Mr. CURTIS] is absent on official business, and if present and voting, he would vote "nay."

The result was announced—yeas 33, nays 57, as follows:

YEAS—33

Church
Clark
Douglas
Dworshak
Ellender
Ervin
Frear
Gore
Hennings
Hill
Humphrey

Kefauver
Kerr
Langer
Lausche
Long
Mansfield
McClellan
McNamara
Morse
Murray
Neuberger

Proxmire
Revercomb
Russell
Smathers
Sparkman
Stennis
Talmadge
Thurmond
Williams
Yarborough
Young

NAYS—57

Aiken
Allott
Barrett
Beall
Bennett
Bible
Bricker
Bridges
Bush
Butler
Byrd
Capehart
Carlson
Case, N. J.
Case, S. Dak.
Cooper
Cotton
Dirksen
Eastland

Flanders
Fulbright
Goldwater
Green
Hayden
Hickenlooper
Hoblitzell
Holland
Hruska
Ives
Jackson
Javits
Jenner
Johnson, Tex.
Johnston, S. C.
Kennedy
Knowland
Kuchel
Magnuson
Malone
Martin, Iowa
Martin, Pa.
Monroney
Morton
Mundt
Pastore
Payne
Potter
Purtell
Robertson
Saltonstall
Schoeppel
Scott
Smith, Maine
Smith, N. J.
Thye
Watkins
Wiley

NOT VOTING—6

Anderson
Carroll

Chavez
Curtis
O'Mahoney
Symington

So the amendment, as modified, offered by Mr. CLARK for himself and Mr. PROXMIRE, was rejected.

Mr. JOHNSTON of South Carolina. Mr. President, I move that the Senate reconsider the vote by which the amendment was rejected.

Mr. KNOWLAND. Mr. President, I move to lay that motion on the table.

The motion to reconsider was laid on the table.

The PRESIDING OFFICER. The committee amendment is open to further amendment.

Mr. MONRONEY. Mr. President, I move to recommit the bill to the Committee on Post Office and Civil Service with instructions to report the bill back forthwith, reinstating the 4-cent first-class postage stamp. I do this because of the disclosures made yesterday in the debate by my colleague, the junior Senator from Rhode Island [Mr. PASTORE] in outlining the case of Postmaster General Summerfield versus Postmaster General Summerfield. He has clearly defined how unworkable, impossible, and chaotic the 4- and 5-cent hybrid stamp would be. So I now move that the bill be recommitment to the Committee on Post Office and Civil Service, to be reported back forthwith reinstating the 4-cent first-class postage.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Oklahoma.

Mr. JOHNSTON of South Carolina and other Senators demanded the yeas and nays.

The yeas and nays were ordered.

Mr. CARLSON. Mr. President, we went through this issue yesterday. We had a very fair and, I thought, a very generous debate. I thought it was a very good debate. Senators voted, and I do not believe that we need to take any time to discuss the question. We are all familiar with the issue.

I sincerely hope that the motion to recommit will be voted down.

Mr. KNOWLAND. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Aiken	Gore	Monroney
Allott	Green	Morse
Barrett	Hayden	Morton
Beall	Hennings	Mundt
Bennett	Hickenlooper	Murray
Bible	Hill	Neuberger
Bricker	Hoblitzell	Pastore
Bridges	Holland	Payne
Bush	Hruska	Potter
Butler	Humphrey	Proxmire
Byrd	Ives	Purtell
Capehart	Jackson	Revercomb
Carlson	Javits	Robertson
Carroll	Johnson, Tex.	Russell
Case, N. J.	Johnston, S. C.	Saltonstall
Case, S. Dak.	Kefauver	Schoeppel
Church	Kennedy	Scott
Clark	Kerr	Smathers
Cooper	Knowland	Smith, Maine
Cotton	Kuchel	Smith, N. J.
Dirksen	Langer	Sparkman
Douglas	Lausche	Stennis
Dworshak	Long	Talmadge
Eastland	Magnuson	Thurmond
Ellender	Malone	Thye
Ervin	Mansfield	Watkins
Flanders	Martin, Iowa	Wiley
Frear	Martin, Pa.	Williams
Fulbright	McClellan	Yarborough
Goldwater	McNamara	Young

Mr. MANSFIELD. I announce that the Senator from New Mexico [Mr. CHAVEZ], the Senator from Wyoming [Mr. O'MAHONEY], and the Senator from Missouri [Mr. SYMINGTON] are absent on official business.

The Senator from New Mexico [Mr. ANDERSON] is absent because of illness.

Mr. DIRKSEN. I announce that the Senator from Nebraska [Mr. CURTIS] is absent on official business.

The Senator from Indiana [Mr. JENNER] is detained on official business.

The PRESIDING OFFICER. A quorum is present. The question is on agreeing to the motion of the Senator from Oklahoma [Mr. MONRONEY] to recommit the bill to the Committee on Post Office and Civil Service with instructions to report the bill back forthwith reinstating the 4-cent first-class postage rate.

Mr. NEUBERGER. Mr. President, before the Senate votes on the recommitment motion made by my good friend from Oklahoma, I should like to reaffirm very briefly the position I took yesterday.

I believe that I was 1 of 5 Members on this side of the aisle who voted yesterday for the proposed 5-cent postage rate on out-of-town first-class mail, and 4 cents on local mail. I believed that position was right yesterday. I believe that position is wise and in order today.

Shortly after we enact a rate bill of one kind or another, we shall be considering Senate bill 27, which has been reported by the chairman of the Committee on Post Office and Civil Service [Mr. JOHNSTON of South Carolina] from that committee. I am a sponsor of that bill.

Senate bill 27 would increase the salaries of the underpaid and underprivileged letter carriers, mail clerks, and other postal employees. I doubt if there are many Members of the Senate who are not aware of the urgent need and

desperate economic plight of most of the postal employees. After we shall have passed Senate bill 27—and I firmly believe and hope it will be passed—there will be an indicated postal deficit of approximately \$320 million, even if we vote the 5-cent postage rate for nonlocal delivery on first-class mail.

I think it is not very fair to the postal employees, on the one hand, to say to them, "We are going to give you the increased salaries which you and your families so urgently require," and, on the other hand, fail to provide any increased rates or funds necessary to meet at least a part of the higher salaries, as well as the further need to modernize and streamline the post-office system and to bring about the construction of new post-office buildings.

Mr. President, in my opinion we must face a very simple question. Either the cost of operating the Post Office Department will be carried in a substantial measure by the users of the mails or it will be paid by the general income taxpayers of the United States. There is no other place for the money to come from. I pointed out the other day that most of the income tax in the country, or approximately 70 percent, is collected from the people in the two lower salary groups. I do not believe it is fair to shoulder onto them a cost which should be borne by those who use the mails most.

With that very brief statement, I wish to assert again and to explain again to the Senate why I shall vote today as I voted yesterday, namely, for the 5-cent first-class mail rate on out-of-town mail, and the 4-cent rate on local mail.

SEVERAL SENATORS. Vote! Vote!

The PRESIDING OFFICER. The question is on the motion to recommit of the Senator from Oklahoma [Mr. MONRONEY].

The yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. REVERCOMB (when his name was called). On this vote I have a pair with the junior Senator from Nebraska [Mr. CURTIS]. If he were present and voting, he would vote "nay"; if I were permitted to vote, I would vote "yea." I withhold my vote.

Mr. McNAMARA (when his name was called). I wish to be recorded as present and not voting.

The legislative clerk resumed and concluded the call of the roll.

Mr. MANSFIELD. I announce that the Senator from New Mexico [Mr. CHAVEZ], the Senator from Wyoming [Mr. O'MAHONEY], the Senator from Missouri [Mr. SYMINGTON] are absent on official business.

The Senator from New Mexico [Mr. ANDERSON] is absent because of illness.

I further announce that if present and voting, the Senators from New Mexico [Mr. ANDERSON and Mr. CHAVEZ] and the Senator from Missouri [Mr. SYMINGTON] would each vote "yea."

Mr. DIRKSEN. I announce that the Senator from Nebraska [Mr. CURTIS] is absent on official business, and his pair has been previously announced by the

Senator from West Virginia [Mr. REVERCOMB].

The Senator from Indiana [Mr. JENNER] is detained on official business, and, if present and voting, he would vote "nay."

The result was announced—yeas 40, nays 48, as follows:

YEAS—40

Bible	Humphrey	Murray
Carroll	Jackson	Pastore
Church	Johnson, Tex.	Proxmire
Clark	Johnston, S. C.	Robertson
Douglas	Kefauver	Russell
Eastland	Kennedy	Scott
Ervin	Kerr	Smathers
Frear	Langer	Sparkman
Fulbright	Long	Stennis
Gore	Magnuson	Talmadge
Green	Mansfield	Thurmond
Hennings	McClellan	Yarborough
Hill	Monroney	
Holland	Morse	

NAYS—48

Aiken	Dirksen	Martin, Pa.
Ailott	Dworshak	Morton
Barrett	Ellender	Mundt
Beall	Flanders	Neuberger
Bennett	Goldwater	Payne
Bricker	Hayden	Potter
Bridges	Hickenlooper	Purtell
Bush	Hoblitzeil	Saltinshall
Butler	Hruska	Schoeppel
Byrd	Ives	Smith, Maine
Capehart	Javits	Smith, N. J.
Carlson	Knowland	Thye
Case, N. J.	Kuchel	Watkins
Case, S. Dak.	Lausche	Wiley
Cooper	Malone	Williams
Cotton	Martin, Iowa	Young

ANSWERED "PRESENT"—1

McNamara

NOT VOTING—7

Anderson	Jenner	Revercomb
Chavez	O'Mahoney	Symington
Curtis		

So Mr. MONRONEY's motion to recommit was rejected.

Mr. CARLSON. Mr. President, I move to reconsider the vote by which the motion to recommit was rejected.

Mr. KNOWLAND. Mr. President, I move to lay that motion on the table.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from California to lay on the table the motion of the Senator from Kansas [Mr. CARLSON] to reconsider.

The motion to lay on the table was agreed to.

The PRESIDING OFFICER. The bill is open to further amendment.

Mr. MORSE. Mr. President, I call up my amendment designated "2-26-58-D" and ask that it be stated.

The PRESIDING OFFICER. The amendment will be stated for the information of the Senate.

The LEGISLATIVE CLERK. On page 35, in the table appearing after line 18, it is proposed to strike out the matter following the words "advertising portion" and insert in lieu thereof the following:

1st and 2d zones	2.7	3.5	4.3
3d zone	3.6	4.7	5.7
4th zone	5.5	7.0	8.6
5th zone	7.3	9.4	11.4
6th zone	9.1	11.7	14.3
7th zone	10.9	14.0	17.2
8th zone	12.7	16.4	20.0

Mr. MORSE. Mr. President, I wish, briefly, to explain my amendment. As I explained it last night when it was offered, I shall review only briefly what it

contains and what its effects would be.

Mr. DOUGLAS. Mr. President, may we have order?

The PRESIDING OFFICER. Let the Senate be in order. Senators who desire to converse or confer will please retire to the cloakroom. The attachés of the Senate will please be seated and refrain from conversation.

Mr. MORSE. I thank the Presiding Officer and the Senator from Illinois for their courtesy.

Mr. President, my amendment raises rates for advertising matter sent second class even more than the increase provided in the committee bill. Under my amendment, rates for this type of mail would be double the rates contained in the committee bill. Under its measure, the rates would be only about 60 percent higher at the end of the third year.

I point out that under the traditional cost-allocation figures used by the Post Office Department, second-class mail pays only about 20 percent of the costs charged to it. Under the committee bill, second class would pay about 30 percent. Under my amendment, it would still pay only 36 or 37 percent of its cost, assuming the same volume of business, because my amendment does not affect all kinds of second-class mail, but only the advertising matter.

Senators know that by rejecting the Monroney amendment last night we have socked letter writers for a boost of two-thirds in the price of mailing a letter. Senators also are familiar with the relative shares that the various classes pay of the costs charged to them. These figures have been repeated over and over again in the course of the debate. I am at a loss to understand how support can be given to an increase of this magnitude in first-class rates when second-class rates would not be increased as much, percentage-wise, despite the deficit chargeable to second class. Senators know that great publications like Life magazine cost the taxpayers millions of dollars each year, because of the low rates they are charged. The Senator from North Dakota [Mr. LANGER] mentioned yesterday that the total subsidy for all magazines is \$68 million, paid for, in effect, by the general taxpayers of the Nation.

If the committee bill is approved without the higher rates for second-class contained in my amendment, Senators will be approving an increase in the subsidy to newspapers and magazines being paid for by users of first-class mail, and I contend that the subsidy is already unconscionable. That disproportion should be reduced, not raised, and it can be reduced by raising second-class rates by a higher percentage than we raise first-class rates. That is what my amendment would do.

My amendment would give newspapers and magazine 3 years to adjust themselves, because the boosts would be 40 percent of current rates for each of 3 years. We are not giving letterwriters 3 years of grace to accommodate themselves to a 5-cent stamp, so I believe my amendment is more than generous.

According to the estimate furnished me by the Post Office Department, \$20.4

million more income would be realized each year under my amendment than under the committee proposal. The total increase over present income from second-class mail would be \$45.7 million.

As I said in explaining the amendment last night, I recognize that it involves, somewhat, a rule of thumb approach. It is intended to put into practice what we frequently say among ourselves are the common standards of fairness, equity, and justice, upon which the rule of reasonableness is based.

The questions we must ask ourselves, it seems to me, are: Is it reasonable? Is it fair? Is it just? Is it equitable to increase, for the users of first-class mail, the cost to approximately 138 percent, under the bill, and to provide a much smaller increase for second-class mail?

I am glad there is to be some increase in the rates for second-class mail, but, in my judgment, it is not a reasonable amount.

It will be noted that my amendment does not apply to the so-called editorial material. My amendment applies to the advertising. I say it is only fair and right that the taxpayers as a whole should be relieved of at least a part of the burden of the tremendous subsidy they are paying to the magazines which contain great quantities of advertising.

On the basis of what I have just said and what I said last night, I think my case is one a jury would approve, on the ground that the proposal is fair, just, and equitable.

I submit my amendment. I have been under the impression, although I do not see a large number of Senators in the Chamber, that I will have cooperation in obtaining a ye-a-and-nay vote on the amendment. I should like to finish my discussion and then call for a quorum, to bring more Senators to the Chamber, although I am perfectly willing to try now to secure a ye-a-and-nay vote.

Mr. President, I now ask for the yeas and nays on my amendment.

The yeas and nays were ordered.

Mr. CARLSON. Mr. President, I am glad the Senate has ordered a ye-a-and-nay vote on the amendment of the Senator from Oregon. Although I was not a party to the agreement with him this morning, I assured him that I would try to get a ye-a-and-nay vote on his amendment, so I am glad we have had the cooperation of the Senate.

The bill before the Senate provides for three 20-percent increases on the advertising contained in second-class mail. The way to measure the impact of these increases is to examine their overall amount. In 1951 the second-class rates were raised 30 percent.

The distinguished Senator from Oregon has just commented about the fact that the first-class rate is now being raised 66⅔ percent. Of course, the bill itself in the case of second-class mail proposes to make 3 increases of 20 percent each, or a total of 60 percent.

I call attention to the fact that the total increase for the second-class mail will be 108 percent. That is a substantial increase. In 1951, there was a 30-percent increase in the rate on the editorial and reading matter. The pending

bill calls for a 60-percent increase on the advertising matter, plus an 18-percent increase. So the total increase will amount to 108 percent since 1951.

It is my contention that that is sufficient. In fact, I contend that it is all second class should have to bear at the present time.

I, for one, have not favored increasing the second-class rate in the amount proposed by this measure. I believe a fair increase would have been 3 increases of 10 percent, across the board. But the committee thought otherwise; and therefore I am following the decision of the committee.

The editorial content is charged 1.95 cents a pound, or a little less than 2 cents a pound, for the Nation as a whole, regardless of the distance involved. The present rate for advertising is 1.95 cents a pound in the first and second zones, increasing to 9.1 cents a pound in the eighth zone. Under these arrangements, the advertising portion of a newspaper mailed from New York City to California would pay more than 9 cents a pound.

The committee received testimony to the effect that the advertising portion of the second-class mail is more than paying its way. If we compare the 108 percent increase on second-class mail with the proposed increase of 66⅔ percent on the first-class mail, I think it is obvious that the increase proposed on second-class mail is quite disproportionate.

So, Mr. President, I sincerely hope that the Senate will reject the amendment of the Senator from Oregon.

Mr. BARRETT. Mr. President, will the Senator from Kansas yield to me?

The PRESIDING OFFICER (Mr. TALMADGE in the chair). Does the Senator from Kansas yield to the Senator from Wyoming?

Mr. CARLSON. I am glad to yield.

Mr. BARRETT. I should like to ask the Senator from Kansas and also the chairman of the committee about the editorial matter to which the Senator from Kansas has referred. As I understand the situation, the increase provided on page 35 of the bill is 30 percent. Is that correct?

Mr. CARLSON. It is 30 percent for editorial and reading matter.

Mr. BARRETT. But not for the advertising portion?

Mr. CARLSON. That is correct.

Mr. BARRETT. Turning to subsection (c), at the bottom of page 36, I call attention to the fact that that part of the bill provides for a 300 percent increase for news letters issued by small, independent concerns. In the main, such newsletters are editorial articles of one kind or another. It seems to me that the committee went a long way when it called for an increase in that rate from one-eighth of a cent to one-half a cent after a period of 3 years.

I wish to ask the distinguished chairman of the committee and its ranking minority member whether they will take up this matter in conference and at least will attempt to return to the provision voted by the House, which I believe imposes a sufficient increase on this particular class of mail.

Mr. CARLSON. All these matters will be in conference if the action taken on them by the Senate is different from the action taken on them by the House of Representatives. I assure the Senator from Wyoming that when the conference is held, I shall certainly keep in mind what he has said.

Mr. JOHNSTON of South Carolina. Mr. President, in the conference we shall certainly keep this matter in mind. It will be in conference because of the difference between the provision voted by the House of Representatives and the provision voted by the Senate.

Mr. BARRETT. I thank the Senator from Kansas and the Senator from South Carolina. I am concerned about the amount of the increase provided in the Senate version of the bill, because it calls for a 300-percent increase in the former rate, and a 100-percent increase in the rate voted by the House of Representatives.

Mr. MONRONEY. Mr. President, I believe what the Senator from Wyoming has said is correct. However, the rate for some publications would be one-eighth of a cent. We know that it is not possible to receive, collect, sort, bundle, transport on the trains, remove from the trains at the place of destination, take to the post office, sort in the post office, and finally deliver to the person addressed, such mail and to pay all those costs by charging a rate of one-eighth of a cent. By means of this bill, the rate will be increased, by 1960, by one-eighth of a cent.

Mr. BARRETT. I believe it will go up to one-half a cent.

Mr. MONRONEY. I thought the Senator from Wyoming was referring to the rate for religious publications.

Mr. BARRETT. I am referring to the rate which will be increased from one-eighth of a cent to one-half a cent over a period of 3 years.

Mr. MONRONEY. That will be true in the case of publications other than religious publications.

I should like to have the RECORD show that on yesterday, in a colloquy with the Senator from Colorado, I relied on the report, which I find to be slightly inaccurate, because if the figures are based on pounds—which is what most of these publications do—we find there is no increase, provided they do not have large amounts of advertising, and if they do not go beyond the first two zones. Actually, under this schedule the rate is lowered a little. So I was correct as to one, but I was incorrect as to the other.

Mr. BARRETT. Mr. President, if I interpret correctly the rate under the language on page 36, in subsection (c), as compared with the 30-percent increase for the nonadvertising portion of the large magazines, it seems to me that this portion of the bill provides for a 300-percent increase, or 10 times as much as the 30-percent increase for the nonadvertising portion of the large magazines. I submit that the 300-percent increase is too much, and should be changed. Certainly the House voted a sufficient increase.

It seems to me that the chairman of the committee and its ranking minority

member will be fully justified in taking this matter to conference and there giving consideration to it.

Mr. MONRONEY. Mr. President, will the Senator from Wyoming yield?

Mr. BARRETT. I yield.

Mr. MONRONEY. The rate was established in 1879, and has not been increased since then. I certainly would not want to deliver a publication of the type the Senator from Wyoming has described for one-half a cent—which will be the rate by 1960—and yet charge Mr. and Mrs. John Q. Public 5 cents for delivering their letters. It would be bad enough to charge them 4 cents. If we are to raise the rate charged for first-class mail by 66⅔ percent—as will be true under the 5-cent rate for first-class mail sent out of town—then certainly all the mail in this class can afford to pay a total of one-half a cent, as a result of three increases over a period of 3 years.

Mr. BARRETT. Mr. President, I cannot agree with the distinguished Senator from Oklahoma. We are talking about informative, educational mail; and it is proper for such mail to be transported at a low rate. I do not believe it would be proper to increase by 300 percent, after 3 years, the rate on such mail, whereas there will be only a 30 percent increase in the rate charged for the nonadvertising portion of other magazines.

Mr. MONRONEY. This mail will move either on a per-pound basis or on a per-piece basis. Magazines which weigh less than 1 ounce will be charged at a rate of one-eighth of a cent, to be delivered almost anywhere in the Nation; and that charge will cover the entire service, including all the routing and everything else.

The pending bill provides that the rate shall be increased from one-eighth of a cent to the large total of one-half a cent, for carrying such publications all over the country and finally delivering them. Frankly, inasmuch as the rate on this mail has not been increased since 1879, it is certainly time for the rate to be increased. Since 1879, there has been a tremendous increase in the cost of operation of the post office system. I would hesitate to say just how much the cost has increased.

The Post Office Department will not be able to function properly if we leave large loopholes in the provisions we make for the rates—loopholes which will make it possible for certain groups which all along have been getting a free ride, to continue to enjoy a free ride.

On yesterday, I was informed by the Post Office Department that it would prefer not to charge anything for this service, rather than to collect only one-eighth of a cent for it. The Department said that the cost of making a one-eighth of a cent charge would be greater than the revenue thus collected. Certainly we should not try to operate the Post Office Department as an eleemosynary institution, in the case of certain classes of mail.

Mr. BARRETT. But after a 300 percent increase is made, certainly the Post Office Department will not be an eleemosynary institution.

Mr. MONRONEY. Mr. President, let us consider the actual amounts. The present rate is one-eighth of a cent. It is proposed to increase it to one-half of a cent. If the Senator from Wyoming wishes to say that by increasing the rate from one-eighth of a cent to one-half of a cent, those who publish such magazines will be robbed—even though the one-eighth of a cent rate was established in 1879, and the proposed one-half of a cent rate will be reached only after a period of 3 years—he is at liberty to do so, of course.

Mr. BARRETT. Mr. President, I do not think the Senator from Oklahoma is entitled to put words into my mouth.

Mr. MONRONEY. I am not doing so.

Mr. BARRETT. I have suggested that we should adopt the House provision, which I think is fair and reasonable. The provision was that the rate would go to one-quarter of a cent.

Mr. MONRONEY. Under our bill it would go to one-quarter of a cent in 2 years, but by 1960 it would go up to a half cent on each publication.

Mr. BARRETT. I also desire to interpose an objection to subsection (b), at the top of page 36 of the bill, in which the committee increased the rate for religious publications from one-eighth to one-quarter of a cent.

Mr. CARROLL. Mr. President, will the Senator yield?

Mr. BARRETT. I am glad to yield.

Mr. CARROLL. We are now discussing religious, educational, and scientific publications, are we not?

Mr. BARRETT. That is correct.

Mr. CARROLL. I may say to the Senator from Wyoming that yesterday I asked the distinguished Senator from Oklahoma to give me his estimate of the accuracy of the remarks contained on page 5 of the committee report. As the Senator has so accurately described it today, there is some confusion in the report.

Mr. BARRETT. I recognize that.

Mr. CARROLL. The confusion from a reading of the report has misled many nonprofit citizens groups in this country, who have not really understood the provisions of section 203 of this bill until the last 24 hours. If the Senator will permit me to make a statement, I think the Members of this body should be aware of that fact.

I have here a telegram from the American Legion referring to section 203 of the bill. I shall not read the entire telegram, but it states in part that "the provision in this bill will jeopardize the future operations of the American Legion magazine and could well start our publication on the road to liquidation."

That is only one of several communications I have received. What I say is not in criticism of the Senator from Oklahoma. The confusion arises from the committee report, which states in substance that there is no material change in rates for second-class nonprofit publications.

With reference to religious, scientific, and educational publications, the Senator from Wyoming has stated accurately that the House bill left the rate at exactly one-eighth of a cent per addressed copy. The committee bill now before

the Senate proposes a 100 percent change in that rate by 1960.

Mr. BARRETT. The Senator is correct.

Mr. CARROLL. Which publications will such a change affect? I come to my principal criticism of the committee bill: There has been no opportunity for persons who would be affected by the provision to be heard. Many of us may not understand the technical implications of the bill, but Senators ought to know that religious, educational, and scientific publications will be affected.

The statement of the distinguished Senator from Oklahoma has some merit. After all, he says, only one-eighth of a cent is involved, which is a reasonable increase. He makes a very cogent argument on that basis. As a matter of fact, however, when a 100-percent increase is proposed for charges to nonprofit organizations which are disseminating religious and scientific publications, it makes a big difference. One concrete example of this came to me yesterday, relating to the publication of the newspaper of the railroad brotherhoods. I stumbled upon this by accident. I am not a member of the committee, and I realize this is a very technical bill—

Mr. BARRETT. I may say to my colleague, I am not a member of the committee, either. The point I have raised was called to my attention.

Mr. CARROLL. I think the questions of the Senator from Wyoming are very penetrating and very pertinent. I am informed that the railroad brotherhood is now paying \$893 a week for mailing its publication, but by 1960 the cost will go up to \$1,786 under the proposed formula.

The reason why I propounded my question yesterday to the Senator from Oklahoma was that I had received information from a religious group in Colorado. It brought the effect of the new formula to my attention. It stated that the bill would cost it \$100,000 annually in increased postal costs. Today, for the first time, the American Legion states it will be affected. The National Education Association did not understand the implications of the bill until 2 days ago. I think the membership of this body ought to know those facts.

I may say to the Senator from Wyoming that I have some amendments prepared which would restore the provision which was adopted by the House covering rates for second-class nonprofit publications.

Mr. BARRETT. I think the provision in subsection (b), which increases the rates for religious publications 100 percent, is certainly bad, but subsection (c) is even worse, because the cost for handling publications of religious and small independent organizations will be increased 300 percent. I had some assurances, I felt, from the chairman of the committee and the ranking committee member from our side of the aisle, that when the bill went to conference serious consideration would be given to adopting the language originally contained in the House bill, which provided for some increases, but certainly not on the sort of basis written in the bill.

Mr. CARROLL. My amendment would cover the very paragraph which the Senator from Wyoming is now discussing. This is a technical bill. I have not sought to undercut it or weaken the structure of a good bill, on which the Senator from Oklahoma and other Senators have worked so hard. I have asked myself what it really means. What we are talking about is probably a \$2.8 million loss in additional revenue from religious, educational, charitable, and, I have no doubt, also farm groups. I am trying to make as fair a presentation as I can. I know if the amendment fails, the Senator from Oklahoma will present our views with full force and vigor in conference. Because of the House's position on this question, I hope this body will act constructively. I think Senators ought to know what they are doing.

Mr. BARRETT. I will say to the Senator from Colorado, and also to the Senator from Oklahoma, that after discussing the matter previously with the chairman of the committee and the ranking minority member of the committee, I was satisfied that when the bill went to conference they would iron out the language and correct the injustices involved. If my distinguished friend from Oklahoma will agree to exercise the same degree of reasonableness in the matter, I shall not press my amendment.

Mr. GORE. Mr. President, will the Senator from Wyoming yield?

Mr. BARRETT. I am happy to yield to the distinguished Senator from Tennessee.

Mr. GORE. I agree with the able Senator from Colorado that no great amounts of revenue are here involved. I desire to relate to the Senator and to the Senate a conversation I had at the luncheon table only an hour ago. An official of an organization in Washington, D. C., told me his organization mailed approximately 1,400 bulletins all over Washington for 40 weeks a year, at a cost of approximately \$5. If one calculates the individual labor involved in the collection, sorting, and distribution he will see the handling of from fifty to sixty thousand pieces of mail is not inconsequential. If the same amount is handled next year, even if the rates are raised 100 percent, the organization will probably have to pay about \$10. I agree with the Senator from Colorado that no great amount of revenue is involved, but a great amount of work for the clerks in the Post Office Department is involved.

Mr. BARRETT. My information is that the increases are going to be far greater than my distinguished colleague is suggesting. It is not going to be a minor increase, by any manner of means.

Mr. MONRONEY. Mr. President, will the Senator yield?

Mr. BARRETT. I am glad to yield.

Mr. MONRONEY. When the bill goes to conference of course the conferees will consider both the House version and the Senate version.

As a matter of fact, if a publication is mailed at the bulk or pound rate there will be a difference under the provisions of the bill. I am advised that most publications will be covered by that rate. Only those which are leaflets, of 1 or

2 pages, go at the minimum rate. However, the bill does increase the minimum rate, and to this extent the statement in the committee report is misleading.

The rate on nonadvertising content today is one and a half cents a pound. Under the bill publishers would pay only 1.05 cents a pound for the first year, 1.15 cents a pound for the second year, and 1.25 cents for the third year.

Sooner or later we must get away from the minimum rate of one-eighth cent. I think the proposed rate of one-half cent on commercial publications and one-quarter cent on others is not too much.

However, I will certainly investigate the publications affected, and if I am fortunate enough to be on the conference committee my mind will be open on this problem. The conferees must of course have a proper respect for the Senate position vis-a-vis the position of the House.

Mr. BARRETT. I think I agree with the distinguished Senator from Oklahoma. I am mainly concerned about the religious publications which contain no advertising; and, secondly, the trade papers which are small leaflets of 2 pages and contain no advertising, but which are entirely in the category of editorial papers.

I think the Senator might well take those items into consideration with respect to the wording.

Mr. MONRONEY. Perhaps when we get into the matter we may be able to draw a narrower definition of who would be entitled to the reduced rate.

As an example, the Rotary Club, in Oklahoma City, of which I am a member, is mostly comprised of Republicans, men of considerable wealth—I happen to be one of the few Democrats who have been smuggled into the club—

Mr. BARRETT. Men of high intelligence.

Mr. MONRONEY. That club is enjoying the reduced rate we have been discussing on its publication although it has plenty of money to pay for their dissemination.

We should try to limit the application of the provisions for reduced rates so that we will not be subsidizing such organizations as Rotary clubs and other groups which mail weekly bulletins.

Mr. BARRETT. I hope the Senator will take small independent publications into consideration, and not simply the religious ones, since their rates have been increased from one-eighth cent to one-half cent.

Mr. MONRONEY. If the Senator will help us, I trust he will supply the conferees with samples of the publications he has in mind. I will invite the attention of the Senator later to the language which provides that if such publications are charged on the basis of a pound rate they will actually be helped instead of hurt by the passage of the bill.

Mr. KUCHEL. Mr. President, if I may have the attention of the Senator from Oregon [Mr. MORSE], there are several questions I should like to ask him for the Record.

Will the Senator from Oregon indicate to the Senators present the percent-

age increase over the present rate which his amendment will call for in each of the 3 years which it covers?

Mr. MORSE. Forty percent a year, and a total of 100 percent in the 3 years.

Mr. KUCHEL. A total of how much?

Mr. MORSE. One hundred percent.

Mr. KUCHEL. It will be 40 percent each year, approximately, in the Senator's opinion, for 3 years. Would that not figure up in excess of 120 percent?

Mr. MORSE. It would be somewhat less than 120 percent at the end of 3 years.

Mr. KUCHEL. I wonder if the Senator could briefly indicate why he states that in his opinion his amendment would provide merely a 100-percent increase in 3 years. It is my understanding that if the Senator's amendment is adopted, and the bill containing it is enacted, the percentage increase in effect the first year will represent a larger total upon which the percentage increase of the second year would operate, and that the same thing will take place in the third year; so that the cumulative effect, it seems to me, would be in excess of three times the percentage figures either in the Senator's amendment or in the bill.

Mr. MORSE. The staff members who prepared the figures for me advise me that exactly the reverse of what the Senator suggests would be the case, and that the total effect of my amendment would be to increase the rate 100 percent within 3 years. I told the staff that what I wanted was a 100-percent increase, but I thought that the magazines ought to have an opportunity to make a gradual adjustment to that increase in rate. The formula the staff has worked out accomplishes that end.

Mr. MORTON. Mr. President, will the Senator from California yield?

Mr. KUCHEL. I yield to the able Senator from Kentucky, and then later I should like to ask the Senator from Oregon another question.

Mr. MORTON. I think the Senator will find that the bill—not speaking of the amendment of the Senator from Oregon—does not contain a cumulative provision. The adjustments upward are not to be cumulative. It is 10 percent of the existing rate each year—the rate at the time the 20 or 10 percent is applied, as the case may be.

Mr. MORSE. My amendment is based on exactly the same formula that is used in the pending bill, except that I would increase the percentage.

Mr. KUCHEL. Passing that for the moment, Mr. President, I should also like to ask the Senator from Oregon about a figure which I think he used of "138 percent" in describing what, in his opinion, was the increase in the first-class mail rate which the Senate has now approved. Is that the figure the Senator used?

Mr. MORSE. What I meant to make clear was that if we pass this bill with its present rates on first-class mail, first-class mail will be paying 138 percent of the cost of carrying it. In other words, it will be returning 38 percent more than the actual cost of carrying it.

Mr. KUCHEL. Can the Senator indicate what, in his opinion, is the per-

centage of increase in the present first-class rates which the Senate has now adopted? Is it not in the nature of two-thirds?

Mr. MORSE. Sixty-six and two-thirds percent.

If the Senator from California will permit me. I believe this is a good time to bring out one other fact. I do not observe the Senator from Kansas [Mr. CARLSON] present in the Chamber, but I am sure he will not object to my making a reply at this time.

The Senator from Kansas, in referring to my position on my amendment, pointed out that during the period from 1932 to the present there have been a series of increases in second-class mail rates, and no increases in first-class mail rates. It is always interesting when one makes that type of comparison, but I respectfully say that comparison does not go to the heart of the problem which confronts us, because during the period from 1932 to the present, first-class mail was paying its own way, or was practically always close to paying its own way. During the same period, the second- and third-class mail was not coming anywhere close to paying own way. Those classes of mail were paying only about 20 percent of the cost entailed in sending the material through the mails. Even during that time, with the increases, those classes of mail did not return in revenue more than the 20 percent of cost figure.

So I want to say to my friend, the Senator from Kansas, that I do not think it is very persuasive to say that during the period 1932 to 1958 there were increases in second- and third-class mail rates and no increases in first-class mail rates, and that therefore my amendment ought to be defeated.

The question is, Have the taxpayers of the country been carrying an undue burden of the cost for second-class mail? My answer is "Yes." As the Senator from North Dakota [Mr. LANGER] pointed out, they have been paying to the tune of \$68 million subsidy to the magazines. What I seek to do—and it is fair, I think, to the magazines, and fair to the editorial features of these publications—is to bare the increase on the advertising matter. The increase I propose is measured in terms of advertising. I think that is fair, because I do not think we ought to ask the general taxpayers to subsidize both the magazines and the advertisements therein.

Mr. KUCHEL. I hold no brief for magazines, but I ask my friend from Oregon this question: Does not the rate increase he proposes apply with equal vigor to magazines and newspapers, no matter how great or how small?

Mr. MORSE. If they are profitmaking organizations.

Mr. KUCHEL. That, I think, is where consideration might well have been given in the Senate committee, perhaps, through a differentiation in treatment which would apply on the one hand to newspapers, and on the other to magazines.

I have a sense that some rate adjustments are required; but I also have a

sense that even what is provided in the bill, aside from the Senator's amendment, would do injury to the American free press. Both Senators from Oregon, and the Senators from Washington and California were incensed about a year ago by the increase in newsprint costs. I cannot argue as to where the level of rates should be established by the Congress; but if it is true that we in the Senate, at least, have increased the rate on first-class mail to the maximum of 66⅔ percent for nonlocal mail and 25 percent for local first-class mail, then it seems to me, as one who is not a member of the committee, that an increase of 100 percent in this field is wrong. It seems to me that the increases included in the bill—three 10-percent increases across the board for reading matter, and three 20-percent increases across the board for advertising matter—add up, in the last analysis, to about 90 percent.

In that connection I should like to have my friend from Kentucky [Mr. MORTON] indicate, for the benefit of those of us who are chronic doubters, the authority for the contention that this provision would not have a cumulative effect.

It seems to me, from a reading of the bill, that at least it might be contended that the effect would be cumulative. Let me say to the Senator from Oregon that I think the vice in his amendment is that it operates on the American press as well as on the slick magazines.

Mr. MORSE. The Senator is correct insofar as its application is concerned. The statistic which I would have the Senator keep in mind is that if we adopt my amendment we shall be charging the newspapers and magazines only 36 or 37 percent of the carriage cost. I do not think that is exorbitant. I do not think that would jeopardize a free press. I think that is a minimum fair figure which we should require.

Second, let me say to my friend from California that he and I can take judicial notice of the fact that even the adoption of my amendment would still leave the conference committee in a position to determine the final figures. On the basis of what can be worked out with the House, we shall get a composite judgment.

One thing which I think is important is that we should go on record in support of a policy. I think that policy should be that we seek, at least, to narrow to a certain extent the difference between cost of carriage and the revenue derived so that, after the bill is passed, the percentage of its cost which second-class mail pays will be at least higher than 30 percent.

Mr. KUCHEL. Mr. President, in answer to the last comment of the Senator from Oregon, the reason I cannot agree with him with respect to the form in which the bill would go to conference is that I object to what the committee did to it. I believe that the rate which is written into the second-class mail section ought to be lowered.

Mr. AIKEN. Mr. President, will the Senator yield?

Mr. KUCHEL. I yield.

Mr. AIKEN. I am merely seeking information. I do not care where I get it.

Under the Morse amendment, would a publication charging \$20 an inch for advertising pay the same rate as publications charging \$200 an inch?

Mr. KUCHEL. I think there can be no question about that.

Mr. MORSE. The rate would be the same.

Mr. AIKEN. And to that extent, the one with the lower advertising rates would be penalized, would it not?

Mr. MORSE. The rate would be the same, but the total income from the advertising would increase the amount collected. Life magazine would pay more than the Pathfinder magazine, for example.

Mr. AIKEN. I realize that my question was applicable to the provisions in the bill as well as to the Morse amendment.

Mr. MORSE. All my amendment would do would be to double the percentages contained in the provisions of the committee bill.

Mr. AIKEN. The magazine which was able to charge a high rate of \$200 or \$300 an inch for its advertising space would, in effect, be getting a preference. I should like to have that situation explained.

Mr. KUCHEL. I shall be glad to yield to my friend from Kentucky [Mr. MORTON].

Mr. MORSE. My amendment would merely increase the percentages. I would charge the magazines more money for mailing than they are now paying, by a certain percentage.

Mr. MORTON. Mr. President, the only comment I can make is that advertising rates charged by various magazines are in direct proportion to their circulation. All the Senator from Oregon is attempting to do is to go beyond what the committee has done, and further increase the second-class mail rates for advertising matter.

Mr. AIKEN. At the same time, a publication containing advertising which is worth \$200 an inch would be distributed for the same rate as would be charged a publication which received \$20 an inch.

Mr. MORTON. The Senator is correct. The only way to adjust that situation is by a graduated second-class mail rate. We already have that to a certain extent. There is a category including publications with a circulation below 5,000. If we wish to apply that principle to the magazine field, and say that for each 100,000 of circulation the postal rates shall go into a higher bracket, we can do so; but I do not think that is what we want to do. We do not want to place a penalty on bigness. We want everyone to have an opportunity to expand his magazine and reach more people, and not say, "I am afraid to get another subscriber, for fear it may put me in a higher bracket."

Mr. AIKEN. We do not want too much of a penalty, but we do not want a premium, either. I can see how difficult it might be to apply a graduated rate.

Mr. MORTON. I went into this subject earlier in the day. It costs about 2.9 cents out of pocket to deliver a piece of second-class mail. Some of the small magazines pay two-tenths of a cent to carry them all over the country. The Ladies Home Journal pays 3.4 cents, I believe. So a great deal more per copy is paid by the moneymaking magazines.

Mr. KUCHEL. Mr. President, I merely wish to repeat that I hope the amendment of the senior Senator from Oregon will be defeated. I hope some Senator who is better acquainted with the matter than I am will consider demonstrating the unwisdom of what the Senate committee did with that feature of the proposed legislation.

I wish to make it clear that in rising in the Senate today, I am attempting to speak for the newspapers, large and small, in California, which I in part represent. I believe that consideration, at some time, ought to be given to separate treatment of what, in my judgment, constitutes, according to the constitutional phrase, the bulk of the free press from other printed material, however excellent it may be, which is published every week or daily in this land.

Mr. MORSE. Mr. President, will the Senator yield?

Mr. KUCHEL. I yield.

Mr. MORSE. I think what I am about to read will help the Senator. It certainly has helped me clear up the first question which the Senator raised in regard to whether the amendment has a cumulative effect. This bears upon what the Senator from Kentucky has said. I refer to page 4 of the committee report, at the bottom of the page:

(b) Advertising portion: 3 annual increases of 20 percent of current rates.

Three annual increases of 20 percent of the current rates. That means the rates as of today. I believe that bears out what the Senator from Kentucky said, that it is not cumulative.

Mr. KUCHEL. I am glad to have that pointed out to me. I again ask if it is not true that the 3 increases which the Senator from Oregon proposes in his amendment, of 40 percent in each of 3 years, must clearly equal 120 percent at the end of the 3-year period.

Mr. MORSE. The RECORD should show that the total amount of the increase will be but 100 percent.

Mr. MORTON. Mr. President, will the Senator yield?

Mr. KUCHEL. I yield.

Mr. MORTON. On the second question the Senator asked—

Mr. MORSE. The increase each year would be 40, 40, and 40.

Mr. KUCHEL. Is it the effect of the Senator's statement that his amendment provides for 40 percent for each of the first 2 years, and 20 percent for the last year?

Mr. MORSE. No; 40 percent for each year.

Mr. KUCHEL. What is the reasoning behind that?

I have stated earlier that it was a sort of rule-of-thumb approach. It was a selection of what I considered to be a rule of reasonableness. It seemed to me to be equitable and fair and reasonable

and just to the American taxpayer. It is unfair, inequitable, and unjust to the American taxpayers to burden them with subsidizing advertising magazines to the amount they are now being subsidized. I believe the figure ought to be double what the bill calls for. Even then they will only be paying 30 or 37 percent of their carriage charges. I was quite frank about it. I said yesterday that we would come to the question: "What would a fair figure be in a matter like this?" So I selected these figures. I selected what I thought would be a just and reasonable basis. It is on that basis that I offer my amendment.

Does the Senator believe that equity in 1959 and 1960 would be obtained by a 40-percent increase in the third year, instead of a 20-percent increase?

Mr. MORSE. The total over a 3-year period would be 100 percent more than the rates proposed by the committee. I believe my figures are reasonable and fair.

Mr. KUCHEL. Mr. President, I shall not detain the Senate longer. I believe we have had a very clear demonstration of the confusion by which the Senate is considering the proposed legislation. The Senator from Oregon has suggested, in his usual fair and frank fashion, that he has applied a rule of thumb. The Senator from Oregon is an able Member of the Senate. I suppose there are 96 rule-of-thumb potentials in any amendments that could be offered. So far as I am concerned, in this particular instance I trust the rule of thumb of the Senator from Oregon will be found objectionable by a majority of the Members of the Senate. I yield the floor.

Mr. PROXMIRE. Mr. President, the Capital Times, of Madison, Wis., carries an editorial in its February 25 edition which hits directly on the subject that has been discussed in the Senate today.

Mr. President, in this editorial in the Capital Times, the central question in this whole debate is expressed very well, and I quote:

Why shouldn't these private commercial interests be required to pay their own way, before additional postal burdens are imposed on the average citizen to help pay the deficits resulting from mail subsidies?

The 5-cent stamp amounts to a tax increase on one class of our people to pay for a privilege handed to another class. It should be defeated.

Mr. President, I ask unanimous consent that this editorial be printed at this point in the RECORD, following my remarks.

There being no objection, the editorial was ordered printed in the RECORD, as follows:

FIVE-CENT STAMP MEANS LITTLE FELLOW TO PAY POSTAL DEFICIT

Senator KNOWLAND, the GOP leader in the Senate, says that this session of Congress will probably approve the Eisenhower administration's proposal for a 5-cent stamp to replace the present 3-cent stamp used on first-class letters.

The increase is being demanded to help make up the \$700 million postal deficit that is anticipated this year. The big load, obviously, is to fall on the little people who use first-class mail for personal reasons.

First class mail pays for itself. Now it will be paying for the subsidized mails—the second- and third-class mails. Third-class mail is composed of advertising circulars and other materials intended to promote private interests. Why the public should have to subsidize these commercial interests is never discussed by those who attack farm subsidies as socialism.

Second-class mail provides a subsidy to the big newspapers and magazines, who mail their publications at the cost of the public.

Here are some of the amounts of the subsidies handed out to some of the wealthiest publications in this country in 1955.

Saturday Evening Post.....	\$6,069,000
Reader's Digest.....	4,809,000
Life.....	9,494,000
Look.....	3,482,000

These are only a few of the publications that get millions in subsidies from the taxpayers and campaign against subsidies for the farmers.

Why shouldn't these private commercial interests be required to pay their own way, before additional postal burdens are imposed on the average citizen to help pay the deficits resulting from mail subsidies?

The 5-cent stamp amounts to a tax increase on one class of our people to pay for a privilege handed to another class. It should be defeated.

Mr. MORTON. Mr. President, I do not wish to be redundant. I have covered much of this subject today. However, let us consider the amendment of the Senator from Oregon, and in that connection let us bear this point in mind. Since World War II—I shall not go back to 1932—the postal service has cost \$1.5 billion more than in 1946. That is the outgo, or the expense. Let us look at the income. If we pass the bill as reported by the committee, the postage on letter or first-class mail will have gone up 51 percent. The postage on airmail will have gone up 60 percent. That is since World War II. Second-class mail rates will have gone up 95 percent on editorial matter and 108 percent on advertising matter. The rates on third-class mail will have gone up 103 percent. That gives effect not only to the increases which are in the pending bill, but to actions taken by Congress between World War II and this session of Congress. Therefore let us keep this matter in balance. The rate on first-class mail will be increased 51 percent if the bill is passed; 61 percent for airmail; 95 percent for second-class editorial matter; 108 percent of second-class advertising matter; 103 percent for third class. For those reasons I believe the committee has reported a balanced bill. We have gone through it very carefully. It is an equitable bill. I oppose the amendment of the Senator from Oregon.

Mr. LAUSCHE. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The secretary will call the roll.

The legislative clerk proceeded to call the roll.

Mr. LAUSCHE. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. MORSE. Mr. President, I should like the attention of the Senator from California [Mr. KUCHEL] and the Sen-

ator from Vermont [Mr. AIKEN] for a moment.

I have just conferred with the staff who prepared the amendment. They carried out my instructions, but the record at this time must be clarified, or corrected.

The committee amendment, as the Senator from Kentucky [Mr. MORTON] pointed out, provides for 3 20-percent increases over a 3-year period—20 percent each year for 3 years, or a total increase of 60 percent over current rates. As the Senator from Kentucky pointed out, that increase is not cumulative. It is on the rates shown on page 4 of the committee report, under the heading "Second-Class Mail."

My amendment provides for a 40-percent increase each year for 3 years, or a total increase of 120 percent over current rates in the 3-year period, but a 100-percent increase over what the committee recommends. Whereas the committee recommends a 60-percent increase, my amendment recommends a 120-percent increase above rates now applicable. As the staff has pointed out, if my amendment should be adopted, it would result in the second-class mail, so far as advertising material is concerned, paying approximately 36 or 37 percent of its carriage charge; whereas, after the 3 20-percent increases recommended by the committee have become effective, the result will be about 30 percent of the carriage charge.

I thank the Senator from California for raising this point, because I would have felt bad if this error had remained uncorrected in the RECORD. My amendment would raise rates 100 percent above the committee levels, and almost 120 percent above existing levels.

Mr. KUCHEL. Mr. President, I am glad to have this extremely involved problem made somewhat less confusing. I wish to emphasize that the Senator from Oregon, with his usual and continuing frankness, has indicated that his amendment will double the rates on second-class mail, the rates which newspapers as well as magazines must pay.

To my colleagues who have just entered the Chamber, I may say that I suggested earlier to the Senator from Oregon that it seemed to me the committee might, one of these days, give consideration to the question of differentiating between newspapers, which I believe come within the meaning of the phrase in the Constitution, "freedom of the press," and other types of publications, no matter how excellent, how enjoyable, or how cultural they may be.

I believe the amendment should be rejected; but it seems to me, if I may express my view, that the increase which the committee seeks to make second-class mail users pay is also too much.

Mr. MONRONEY. Mr. President, will the Senator yield?

Mr. KUCHEL. I yield.

Mr. MONRONEY. I associate myself with the conclusion just voiced by my distinguished colleague from California as to any further increase. About 3 years ago, 3 increases of 10 percent across the board were imposed on these same pub-

lications. That means a total increase of 30 percent.

The bill provides for three 20-percent increases on advertising matter, adding another 60 percent to the 30-percent increase already in effect. In a space of about 5 years, the cost of distributing advertising has been raised by 90 percent.

I, too, would like to reduce the postal deficit on second-class matter. The proposed 3 increases of 20 percent each, do not need to be the end. If, after the passage of 3 years, Congress wishes to vote additional increases it can do so.

By proceeding in the way I have indicated, we will keep from bankrupting the farm magazines and the other smaller publications which carry a high volume of advertising at low rates, but which would be injured severely by the formula in the proposed amendment.

The Luce publications are the most profitable in the world, but there are thousands of other publications which are not so affluent. The amendment applies to every little farm magazine and similar publication as well as to the Luce publications.

Consequently, if we are to make an increase in the rate charged for advertising matter, I suggest that we follow the committee proposal of 20 percent for each of 3 years. Certainly the magazines will be able to live under such an increase, by adjusting their subscription and their advertising rates if necessary.

Mr. KUCHEL. Is it not also true that the amendment and the bill will apply to all newspapers, both great and small, if any part of their circulation crosses the line of the States in which they are published?

Mr. MONRONEY. That is correct. This measure also will operate differently in the case of religious, labor, and other publications. As to them the increase will be only 50 percent of the rate increase for the others.

Mr. KUCHEL. I thank the Senator very much.

Mr. NEUBERGER. Mr. President, it is with a great deal of regret that I rise to oppose an amendment offered by my distinguished colleague from Oregon.

I desire to point out that, as a member of the Postal Rate Subcommittee, I sat through many hearings on this issue, and I participated in the very extensive committee deliberations regarding the bill which has been reported:

The pending bill is not perfect; it has many frailties. Undoubtedly it can be improved in many ways. But I wish to emphasize that the rates provided in the bill, in the case of the advertising content of printed matter sent through the mail at the second-class rate, were increased very substantially by the full committee, before the bill ever came to the floor of the Senate.

In the committee, we had before us the House version of the bill. It provided for 4 increases of 15 percent each, straight across the board. We also had before us a committee staff proposal for 3 increases of only 10 percent each, straight across the board.

Instead, our committee reported a provision for 3 annual increases of 20 percent each, in the case of the ad-

vertising matter sent through the mail at the second-class rate, and 3 increases of 10 percent each on the editorial and informational content.

Already, in the comparatively few days since the bill has been on the calendar, I have received from my State protests about the increases proposed in the second-class rate. The owners of these publications—many of them being very small publications, marginal financially—believe we already have brought forward increases which are too heavy for many of them in my State to bear.

It is my opinion that I should vote for the bill as reported by the committee; and I shall do so. But when it is proposed that we increase still further the rates on every publication in the United States which carries any amount whatsoever of advertising material, it seems to me that such a proposal is highly debatable.

A few minutes ago, I supported the modified amendment which had been offered by the distinguished Senator from Pennsylvania [Mr. CLARK], who now is the Presiding Officer. That amendment applied to the large, national, wealthy, slick paper, expensively printed, very lavish magazines.

But this amendment does not apply only to them. Instead, it applies without fear or favor to every small, weekly publication in the country and to every religious, school, and labor publication, although the latter will be charged only one-half of the second-class rate increase voted by the Senate. The amendment will also apply to farm publications.

I know that many weekly publications are extremely marginal in their financial operations.

When I toured in Oregon during the past fall, I met many publishers of weekly newspapers who did not know whether they would be able to amortize the cost of their equipment.

I believe that what the Senator from Oklahoma pointed out a few minutes ago is certainly valid for our consideration. If these increases are not sufficient when they reach their maximum in 3 years' time, we can take another look.

I am informed by some of my associates on the Post Office and Civil Service Committee that the following will be the increases in the mailing rates—the only increases made since the end of World War II—which will prevail if the pending bill becomes law:

For first-class letters, 51 percent.

For airmail, 60 percent.

For second-class mail, 95 percent.

For the advertising portion of second-class mail, 108 percent.

For third-class mail, 103 percent.

I believe that after the bill goes into effect, during the next few years those rates should be tested and tried and experimented with, to see whether they are fair. If then it is found that they are either too high or too low, in the case of certain or all categories, the Congress and the President can take a new look.

In conclusion, Mr. President, I wish to say that I am sorry I must oppose the amendment which has been offered by

my colleague. On very few occasions in the Senate have he and I disagreed on matters. But I wish to say that so far as I am concerned—and I am sure it is also true so far as he is concerned—my disagreement is made in the best of spirit, and there is nothing personal in the fact that he and I do not regard this particular amendment from the same point of view.

Mr. YARBOROUGH. Mr. President, I understand that the amendment of the Senator from Oregon will apply to the advertising content only of magazines, a rate of 40, 40, and 40 percent, for each of 3 years, or a total increase of 120 percent, whereas the rate on the editorial content will remain 10 percent for each of 3 years.

Will the Senator from Oregon accept a modification of his amendment so that over the present rate on such advertising matter shall be 30 percent for each of 3 years?

Mr. MORSE. Mr. President, let me reply briefly to my friend, the Senator from Texas, by saying that I believe any amendment increasing committee figures is better than none. So I am willing to modify my amendment—because I am very anxious to have this proposal go to conference—so that, instead of calling for increases of 40, 40, and 40 percent for each of 3 years, it will call for increases of 30, 30, and 30 percent for each of 3 years. As a result of such modification of the amendment—in comparison with the committee's proposal, which is 20, 20, and 20 percent—my amendment, as thus modified, will provide for a rate at least 10 percent higher, for each year, than the rate called for by the committee's proposal.

The PRESIDING OFFICER (Mr. CLARK in the chair). The Chair is advised that, inasmuch as the yeas and nays have been ordered on the question of agreeing to the amendment of the Senator from Oregon, the amendment can be modified at this time only by unanimous consent.

Does the Senator from Oregon so request?

Mr. MORSE. Yes, Mr. President; I ask unanimous consent for that purpose.

The PRESIDING OFFICER. Is there objection?

Mr. KUCHEL. Mr. President, reserving the right to object—although I shall not object—I desire to point out to my friend, the Senator from Oregon, that in my judgment, unless some little time is taken to revise the schedule which applies to eight zones, we shall have difficulty in knowing what we shall be voting on.

Mr. MORSE. I shall come to that point in a moment.

Of course, it is a simple matter, mathematically, if we know what the end result will be, to have the staff proceed to make the mathematical calculations which will reduce to 30 percent the increase presently provided in this amendment, which, until modified, has called for increases of 40 percent. I think we should be able to agree among ourselves that that is exactly what the modified amendment will accomplish and what the Senate will be voting on.

With that understanding, and with the assurance that that will be done immediately by the professional members of the staff who made the calculations in the first place, I believe the end result will be a 30-percent increase for each of 3 years over the current rates, instead of a 40-percent increase for each of 3 years.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Oregon for unanimous consent to modify his amendment at this time?

Mr. KUCHEL. Mr. President, further reserving the right to object, I desire to propound a parliamentary inquiry.

The PRESIDING OFFICER. The Senator from California will state it.

Mr. KUCHEL. I have absolutely no objection to the proposed modification of the pending amendment, but let me inquire how the amendment will read at the moment when the vote will be taken.

Mr. MORSE. Action on the amendment will have to include the understanding that the specific figures will be reduced by an amount that will result in a 30-percent increase.

The PRESIDING OFFICER. The Chair is advised that in order for the Senate to vote on the modification of the Senator from Oregon to his own proposed amendment each of the figures in the 3 columns following line 3 of the amendment would have to be reduced by 10 percent. There are no such figures presently before the Senate.

Mr. KUCHEL. Is it the opinion of the Chair, and of the Parliamentarian, that, by unanimous agreement, the figures in the amendment before the Senate can nevertheless be deemed to be 10 percent less than the figures utilized in each case in that table, is it not?

The PRESIDING OFFICER. The Chair is advised by the Parliamentarian that it is possible to vote on the amendment of the Senator from Oregon, as he proposes to modify it, by having each of the figures in the table reduced by 10 percent, even though those figures are not presently in the piece of paper now before the Senate.

Mr. LAUSCHE. Mr. President, may I inquire if the Chair is correct when he states 10 percent? When the figure 40 is reduced to 30, it is reduced by 25 percent.

The PRESIDING OFFICER. The Chair was in error in stating that the reduction would be 10 percent. The Parliamentarian advises the Chair that in each instance the figure would be reduced from a 40-percent increase to a 30-percent increase.

Is there objection?

Mr. MORSE. Mr. President, if the Senator from California will yield to me, because I do not want any misunderstanding to exist, I am perfectly willing to suggest the absence of a quorum. It will take me about 5 minutes to make a 25-percent reduction in each 1 of the figures, so I can have my amendment before the Senate. I can do it during the quorum call.

Mr. KUCHEL. I have no objection, Mr. President, but I do not think I have ever before had quite the experience as that which I am having at this moment,

and I wanted to know whether that could be done. I have no objection at all.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Oregon?

Mr. MONRONEY. Mr. President, I suggest the absence of a quorum, in order that the distinguished Senator from Oregon may fulfill his desire to perfect his amendment, so it will be in writing.

The PRESIDING OFFICER. The absence of a quorum has been suggested, and the clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. JOHNSON of Texas. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. MORSE. Mr. President, I desire to thank the Senator from California for bringing this item to my attention. I have corrected the figures so that the increase on the amendment now will be 30 percent of the current rates each year for 3 years.

I want to say to my colleague [Mr. NEUBERGER] that I appreciate very much the point of view he has expressed. I only am interested in the total amount which the American taxpayers as a whole will be paying for the benefit of the second-class mail users if the committee bill becomes a law. I think that amount is too large.

I think it is important that we express ourselves on policy. I am perfectly aware of the fact that in conference some other figure may be reached. I think that today we ought to point out that we think we have as a matter of policy been subsidizing the second-class mail users too much. That happens to be my viewpoint. I think it is shared by many people in this country.

The most delicate phase of all this, Mr. President, is a certain type of second-class mail which is circulated by very wonderful individual organizations. However, we ought to face up to the fact that a great many people do not share the objectives of those organizations, and they think it is questionable whether all the taxpayers should in effect be taxed so much for material to be sent through the mails carrying a point of view, be it religious or otherwise, which some taxpayers do not share.

That is what raises in my mind the question of what is a rule of reasonableness. What would be fair and just? I think my amendment would come closer to what is reasonable than the committee amendment, and I think it provides for a deserved increase in rate, particularly when we keep in mind the fact that after the Senate completes consideration of the bill, the writers of first-class letters will no doubt be paying about 138 percent of the cost of carrying their letters through the mail; in other words, about 38 percent more than the actual cost. To the contrary, the users of second-class mail, even if my amendment is adopted, will be paying somewhere in the neighborhood of 33 percent of the cost of carrying such mail.

SEVERAL SENATORS. Vote! Vote! Vote!

Mr. KUCHEL. Mr. President—

The PRESIDING OFFICER (Mr. McNAMARA in the chair). The Senator from California.

Mr. KUCHEL. I submit the amendment in its modified form.

Mr. MORSE's amendment, as modified, is as follows:

On page 35, in the table appearing after line 18, strike out the matter following the words "Advertising portion:" and insert in lieu thereof the following:

"1st and 2d zone.....	2.4	2.8	3.2
3d zone.....	3.4	4.0	4.3
4th zone.....	5.0	5.8	6.4
5th zone.....	6.5	7.4	8.6
6th zone.....	8.0	9.5	10.7
7th zone.....	10.0	11.4	12.9
8th zone.....	11.5	13.5	15.0"

Mr. KUCHEL. The original proposal of the Senator from Oregon amounted to an increase in rates of 120 percent for 3 years, which, when added to the cumulative 30 percent increase for non-advertising matter in newspapers, would have required publications utilizing the second-class service to pay a 150-percent increase in 3 years. I objected to that.

The Senator from Texas then suggested that the Senator from Oregon modify his rule of thumb. I have no objection to the modification, although I believe it is exceedingly poor parliamentary practice to work out rates in the Senate Chamber in this manner.

We can presently translate the amendment of the Senator from Oregon, if it is adopted, into a 120 percent rate increase in 3 years to newspapers and other publications. When we add the present amendment to the rates on non-advertising matter which the committee wrote into the bill, of 10 percent cumulative for 3 years, that is the result.

I object to that; and I also object, Mr. President, to the 90 percent increase which the committee saw fit to write into the bill.

Mr. YARBOROUGH. Mr. President, the distinguished Senator from California has made an interesting statement, but I wish to point out that his mathematics are rather poor, because the increase provided in the committee bill is 10 percent a year for 3 years on the editorial content of a magazine.

If we consider a sample of these magazines which is going through the mails at such a low rate, a sample which receives red tag treatment from the Postmaster General—Confidential magazine, for example—the advertising content would have to pay a 20-percent increase for each of the 3 years, or a total of 60 percent, while the editorial content would have to pay an increase of 10 percent a year.

Under the amendment which has been offered by the Senator from Oregon [Mr. MORSE], the rate for advertising matter would be raised 30 percent a year for each of the 3 years. The rates would not be duplicated.

The able Senator from California has duplicated the rates in his figures.

A magazine has part editorial content and part advertising content. If the rate on half the content of the magazine is raised 30 percent and rate on the other half of the content is raised 90 percent,

one does not add the 2 together and get 120 percent as a total, but one must divide it by 2, and the increase is then shown to be 60 percent. That would be a 60-percent increase at the end of 3 years if the advertising and editorial content were equal in all the magazines under the classification. As a matter of fact, the advertising runs about 60 percent of the content, and the editorial content about 40 percent, I am informed, if one considers together all the magazines under that classification. Therefore, the total increase would be slightly over 60 percent at the end of the third year.

The Senate voted yesterday, and again today, to raise the rates on the letters orphan children mail, and the letters widows mail, and letters mailed by those on old-age pensions. The Senate voted to raise that rate 60 percent immediately, but now a cry is made about raising the magazine rate 20-percent a year for 3 years.

Is it the duty of the Government to break all the small-business men and break all the common people, so as to insure and guarantee by these enormous subsidies more profits for the richest among us? The policy established takes from the poor and gives a bounty or subsidy to those who need it the least, those who are making vast profits.

I think that the increase, since it has been reduced to 30 percent a year, will provide a total increase at the end of 3 years just about equal to the rate which the Senate has already voted for everybody who mails a letter from one country town to another other town. A heavy increase has been voted in the rate on first-class letters in the rural areas and in the large cities. We are now considering a measure which will not equalize the rate this year but which at the end of the third year will just about require the wealthiest in the land, who use the mail, to pay as much as the ordinary people pay. I think it is a fair minimum.

Mr. PROXMIRE. Mr. President, I should like to point out that the amendment proposed is not only a fair amendment, but it is a very moderate amendment. The fact is that the recommendation of the administration, as I understood it—I ask the experts on the Committee on Post Office and Civil Service to correct me if I am wrong—was that there should be four 15-percent increases for second-class mail, adding up to a total of 60 percent. I submit that when we have under consideration three 10-percent increases on the editorial content and three 30-percent increases on the advertising content the result comes pretty close to the result the administration recommended.

Furthermore, the House adopted an increase of 60 percent—four 15-percent increases—a moderate increase. What we are proposing to do by the Morse amendment is not radical, drastic, extreme, or punitive. It is a moderate amendment. It is the same provision which has been written into the House bill, which the administration is recommending, and I think we can support it in that spirit, as a moderate, acceptable, reasonable amendment.

Mr. LONG. Mr. President, will the Senator yield?

Mr. PROXMIRE. I yield.

Mr. LONG. Much has been said about the percentage of increase. However, I believe it is well to keep in mind that the amount of increase is oftentimes different in significance from the percentage of increase. For example, a 100-percent increase in a 1-cent rate is 1 cent. On the other hand, an 80-percent increase on top of a 3-cent rate works out to about a 2-cent increase. The man who is mailing a letter from outside the city limits is the one who is getting the real increase. A 30-percent increase, or even a 100-percent increase, on a class of mail which is paying only a small fraction of its cost, is actually not a great increase.

Mr. PROXMIRE. The Senator from Louisiana makes an excellent point. As anyone who has been in the newspaper or printing business knows, the postal rates for our county weeklies are practically nothing, because they are delivered free-in-county. The rate is founded on an extremely low base. When we talk about an enormous 60 percent increase in such rates, the increase is very modest, and represents only a small part of the total cost.

Mr. YARBOROUGH. Mr. President, will the Senator yield?

Mr. PROXMIRE. I yield.

Mr. YARBOROUGH. Is it not a fact that under the bill first-class mail will be paying 130 percent of its cost of transportation, and second-class mail, if all the increase proposed by the Morse amendment is added, will not be paying more than 35 percent of the cost?

Mr. PROXMIRE. The Senator from Texas is absolutely correct.

Mr. President, I yield the floor.

The PRESIDING OFFICER (Mr. McNAMARA in the chair). The question is on agreeing to the modified amendment offered by the Senator from Oregon [Mr. MORSE]. On this question, the yeas and nays have been ordered, and the clerk will call the roll.

The Chief Clerk proceeded to call the roll.

Mr. BYRD (when his name was called). I am a newspaper publisher and have a personal interest in this amendment. I ask unanimous consent to be excused from voting.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Virginia? The Chair hears none, and it is so ordered.

Mr. FULBRIGHT (when his name was called). Like the Senator from Virginia, I have an interest in a newspaper publishing company, and for that reason I ask unanimous consent to be permitted to withhold my vote.

The PRESIDING OFFICER. Is there objection? The Chair hears none and it is so ordered.

The rollcall was concluded.

Mr. MANSFIELD. I announce that the Senator from New Mexico [Mr. ANDERSON] is absent from today's session of the Senate because of illness. I further announce that the Senator from New Mexico [Mr. CHAVEZ], the Senator from Wyoming [Mr. O'MAHONEY], and

the Senator from Missouri [Mr. SYMINGTON] are absent on official business.

Mr. DIRKSEN. I announce that the Senator from Indiana [Mr. CAPEHART] and the Senator from New York [Mr. IVES] are absent on official business.

If present and voting, the Senator from Indiana [Mr. CAPEHART] and the Senator from New York [Mr. IVES] would each vote "nay."

The result was announced—yeas 17, nays 71, as follows:

YEAS—17

Clark	Langer	Murray
Douglas	Lausche	Proxmire
Frear	Long	Revercomb
Gore	Mansfield	Williams
Hennings	McClellan	Yarborough
Javits	Morse	

NAYS—71

Aiken	Goldwater	Morton
Allott	Green	Mundt
Barrett	Hayden	Neuberger
Beall	Hickenlooper	Pastore
Bennett	Hill	Payne
Bible	Hoblitzell	Potter
Bricker	Holland	Purtell
Bridges	Hruska	Robertson
Bush	Humphrey	Russell
Butler	Jackson	Saltonstall
Carlson	Jenner	Schoeppel
Carroll	Johnson, Tex.	Scott
Case, N. J.	Johnston, S. C.	Smathers
Case, S. Dak.	Kefauver	Smith, Maine
Church	Kennedy	Smith, N. J.
Cooper	Kerr	Sparkman
Cotton	Knowland	Stennis
Curtis	Kuchel	Talmadge
Dirksen	Magnuson	Thurmond
Dworshak	Malone	Thye
Eastland	Martin, Iowa	Watkins
Ellender	Martin, Pa.	Wiley
Ervin	McNamara	Young
Flanders	Monroney	

NOT VOTING—6

Anderson	Chavez	O'Mahoney
Capehart	Ives	Symington

EXCUSED—2

Byrd	Fulbright
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So Mr. MORSE's amendment, as modified, was rejected.

Mr. CARLSON. Mr. President, on behalf of the majority leader, the Senator from Texas [Mr. JOHNSON] and myself, I offer the amendment which I send to the desk.

The PRESIDING OFFICER. The amendment will be stated.

The LEGISLATIVE CLERK. On page 47, beginning after the period in line 19, it is proposed to strike out down through the period in line 20; on page 48, line 5, after the word "available" it is proposed to insert a comma and the following: "subject to appropriations therefor which are hereby authorized."

Mr. CARLSON. Mr. President, I have cleared the amendment with the Chairman of the Committee on Post Office and Civil Service. It is offered by the majority leader and myself in order to clarify the bill so as to change the word "appropriation" on line 19 of page 47 to "authorization." If the amendment is adopted the bill will conform with the contention that the House shall originate appropriations. I sincerely hope that the amendment will be agreed to.

Mr. JOHNSON of Texas. Mr. President, I believe the Senator from Kansas has made a very constructive suggestion, and I hope the chairman of the committee will agree to go along with it. It would be the better part of wisdom, it seems to me, if the bill provided for authorizations, rather than appropriations.

Mr. JOHNSON of South Carolina. I see no reason why I should not accept the change. The amendment will be in conference. That provision was not contained in the bill. I shall be happy to accept the amendment.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Kansas [Mr. CARLSON] for himself and the Senator from Texas [Mr. JOHNSON].

The amendment was agreed to.

WALTER REUTHER

Mr. BUTLER. Mr. President, unfortunately I was not on the floor last evening when the distinguished minority leader, the Senator from California [Mr. KNOWLAND], advised the Senate that a certain labor leader had secured a room in the Senate Office Building and had there made very derogatory statements regarding one of the great patriots of our country, a distinguished Member of the Senate.

I think the matter which was discussed last night goes deeper than the securing of a room in the Senate Office Building and there maligning a United States Senator by the person in question. I believe it to be part and parcel of a new and noxious infection which is abroad in the land, and for the lack of a better name I will call it Reutherism.

I could be wrong, but I think the inference can fairly be drawn from the record that one of our Members, I hope unwittingly, has given aid and comfort to Mr. Reuther to accomplish what, in my opinion, is Mr. Reuther's main goal—the destruction of the free and competitive enterprise system in the United States. I will cite the record.

Last fall Walter Reuther, the president of the United Automobile Workers, proposed that the three leading automobile producers reduce the average wholesale prices of their 1958 models by \$100 a car. This proposal was in conjunction with a series of earlier steps he initiated to secure participation by the union and the Government in the determination of the industry's wage and pricing policies.

To my surprise, shortly after the announcement by Mr. Reuther of his plan, a subcommittee of the Committee on the Judiciary, of which I am a member, and which is charged, under the Reorganization Act, with perfecting and protecting the antitrust laws, was apparently willing to bring the parties together and to furnish Mr. Reuther a forum to advance his scheme. Why do I say that?

On November 7, 1957, the chairman of the subcommittee, the distinguished Senator from Tennessee [Mr. KEFAUVER], addressed identical letters to the presidents of General Motors, Ford, Chrysler, and also to the United Automobile Workers. That letter contained this amazing statement:

Members of the subcommittee unanimously decided that although Mr. Reuther's offer to the automobile companies was rather vague and indefinite, the opportunity should not be passed without having Mr. Reuther and the Big Three manufacturers of automobiles brought together, with the hope of arriving at a better understanding of the

issues involved in a firm hold-the-line wage-and-price formula.

The letter also had this to say:

To this same hearing there will be invited simultaneously Mr. Walter Reuther, as well as representatives of the three companies. The first witness to be heard will be Mr. Reuther. It is may hope that at this hearing there can be developed—

I ask the Senate to note this especially—

a better understanding of the problems involved in a formula for holding the wage and price line in the automobile industry.

That letter also contained a request on the part of the subcommittee, over the signature of its chairman, to the three automobile companies to bring with them all their detailed cost, price, and profit data.

Here was a case, in my opinion—and I say again that I could be in error—where the Senate Committee on the Judiciary, which, as I have said, is charged with protecting and keeping the antitrust laws strong at all times, sent a letter to the three leading automobile manufacturers to appear and bring with them their private and personal books and papers. For what purpose? To sit around a table and formulate prices. To use the subcommittee as an instrument for collective bargaining and as a vehicle for violation of the antitrust laws. There is no other interpretation that can be made of it. We certainly cannot at the same time have in the same room and at the same table representatives of the three great competitors in one of the Nation's greatest industries and also representatives of the labor union which organizes the labor in those three great companies.

I hope the Senator from Tennessee acted unwittingly, but I say he did a disservice to the United States Senate when he did that.

Mr. KEFAUVER. Mr. President, will the Senator yield?

Mr. BUTLER. I will yield in a moment. I have almost completed my statement.

The table of the Committee on the Judiciary should not be used as a bargaining table. Mr. Reuther's plan or his influence, or whatever it is, should not be so deeply imbedded in this great and glorious body, of which I am very proud to be a Member, that that could happen.

This is a new and noxious thing, in my opinion. If we who have the responsibility to protect this great country do not take heed now and nip Reutherism in the bud, we will, in turn, be nipped in the bud, and our security will be very greatly jeopardized.

READJUSTMENT OF POSTAL RATES

The Senate resumed the consideration of the bill (H. R. 5836) to readjust postal rates and to establish a congressional policy for the determination of postal rates and for other purposes.

Mr. MORSE. Mr. President, I offer an amendment and ask for its immediate consideration.

The PRESIDING OFFICER. The amendment will be stated for the information of the Senate.

The legislative clerk read as follows:
On page 26, it is proposed to strike out lines 15 through 25, inclusive, and to correct the section numbers thereafter.

WALTER REUTHER

Mr. KEFAUVER. Mr. President, will the Senator from Oregon yield to me?
Mr. MORSE. I yield.

Mr. KEFAUVER. Mr. President, I appreciate the Senator from Oregon yielding to me. I was unaware that the Senator from Maryland [Mr. BUTLER] intended to make an accusation against me.

Mr. BUTLER. I sent word to the Senator well in advance of my speech. If he did not receive the notice, I am sorry.

Mr. KEFAUVER. I think I should have been entitled to notice.

Mr. BUTLER. I took pains to make certain that the Senator had notice. This subject was discussed in the full committee. At that time I made an objection. As a matter of fact, the original plan was called off. I do not know whether it might have been because of my objection and the discussion which was had in the committee, but the Senator from Tennessee must have known that something would be said about it, and this seemed to be the time to say it.

Mr. KEFAUVER. The plan was not called off, so far as I am concerned, because of the objection of the Senator from Maryland.

Mr. BUTLER. I would be surprised if the Senator from Tennessee admitted that it was.

Mr. KEFAUVER. I left my office a short while ago. If any message had been received that the Senator from Maryland was going to make an attack on me or on the action of the subcommittee, I certainly had no notice of it.

Mr. President, I do not have with me at this time my files or letters to respond in detail to the Senator from Maryland, but I cannot let his remarks go without making some comment.

The accusation that the subcommittee or that I, as its chairman, tried to provide a special forum for Mr. Walter Reuther is false and unfounded. In my opinion, the Senator from Maryland should know that.

The truth is that as early as April of last year, with the consent of the subcommittee, I announced that our subcommittee would hold hearings about so-called administered prices—that is to say, why it is that in some industries the prices are not fixed by the law of supply and demand; why it is that in some industries, one corporation fixes the prices, and all the other corporations follow the same line; why it is that prices remain stable, even though various manufacturers are willing to reduce them.

Mr. BUTLER. Mr. President, will the Senator from Tennessee yield?

Mr. KEFAUVER. I shall yield later on, Mr. President; I wish to proceed at this time.

So, Mr. President, we felt—certainly I felt—that at this time of rising prices and increased concentration of economic power, when a merger movement is afoot; at this time of unemployment, when

many persons in many industries have been laid off work; at a time when the cost of living is at an alltime high, it is very important to see whether our competitive system is working, whether our antitrust laws are sufficient, whether they meet the new kind of system of administered prices which is in effect.

At the time when we announced our series of hearings, announcement was made that we would hold hearings on the steel industry—inasmuch as the steel industry is the bellwether of our economy—and on the automobile industry, and probably on the farm machinery industry, the aluminum industry, and a number of other industries.

Mr. BUTLER. Mr. President, at this point, will the Senator yield?

Mr. KEFAUVER. Mr. President, I decline to yield at this time; I prefer to continue my statement.

That announcement was made long before Mr. Reuther made his proposal. So anything he said was not responsible for our hearings.

It would have been impossible to hold hearings on the automobile industry without calling representatives of the automobile industry, and also calling a representative of labor. One person out of every 7 in the United States directly or indirectly owes his livelihood to the automobile industry, and it is of tremendous importance.

A letter was sent out. A portion of it has been read by the Senator from Maryland. But immediately, as chairman of the subcommittee, I stated that we had hoped to have the hearings concluded within 1 or 2 days; that it was not my intention to have a Donnybrook Fair, by attempting to take all the testimony in 1 day, but that we wanted the witnesses to testify separately, although we wanted to conclude the hearings within 2 days, at the most.

However, when it appeared that more time would be required, we set hearings on separate days for the appearances of the representatives of the four automobile companies and for Mr. Reuther, so as to enable them to present fully their testimony. As a matter of fact, we allowed 2 days for each of the 4 automobile companies, I believe, except in the case of the Chrysler Automobile Corp. The representatives of General Motors Corp. took 2 days. The representatives of the Ford Motor Co. took 2 days. The representative of the American Motors Corp. took 2 long days. Mr. Reuther was before our committee on 2 days. The representatives of the Chrysler Corp. were before our committee for 1 day, I believe.

In our letter requesting information about the number of employees and how prices were arrived at and what the costs were—which, incidentally, was not in the letter referred to by the Senator from Maryland; he has confused two letters—we requested similar information that we had requested from the United States Steel Corp. and the other steel companies, in our letters to them.

Our system was as follows: Conferences were held between counsel, to decide upon what the witnesses would present. We have never insisted—if the

companies raised any question about it—on the presentation of confidential material which would be of unfair advantage to their competitors; we have always insisted upon treating them fairly.

In this case the companies were fully in agreement; they were perfectly satisfied with the agreements reached between the committee counsel and their counsel as to what information would be furnished.

We held the hearings. Inasmuch as Mr. Reuther had made a vague suggestion about a reduction of automobile prices, it was agreed that he should be called as the first witness. If the Senator from Maryland takes any exception to that, I may say that that suggestion was made by the distinguished Senator from Illinois [Mr. DIRKSEN].

We conducted the hearings as fairly as we could. We tried to avoid matters in regard to the wage dispute. Our hearing was on the questions of administered prices, the concentration of economic power, why the plants were operating at so much less than capacity, and why it was that their profits were what they were, when they were operating at only 55, 60, or 70 percent of capacity.

I believe the hearings were helpful to the general public and to the corporations themselves. We hoped that in the hearings there could be brought about a spirit of reasonableness on the part of both management and labor—on the part of management, in holding down prices, in order to get their plants going, so that more persons could have work; and on the part of labor, we hoped that their requests might be reasonable, so that during these difficult times there would not be strikes and unemployment.

Mr. President, the hearings the subcommittee has held have been very valuable. I think the public reaction to them has been good.

I know that from time to time the Senator from Maryland has expressed opposition to the investigation of any concentrations of economic influence. Certainly, it is his prerogative to object. Some persons think monopoly is all right. If he wishes to think it is all right and should not be investigated, it is his right to think so.

Personally, I believe this is a time when we must take steps to make our free enterprise system function properly, when the Congress must look into the increasing concentrations of economic power, when we are presented with an alltime high in the cost of living, with hundreds of thousands of persons in the automobile industry, and a total of 4½ million persons in the entire country unemployed.

Prices are now at an alltime high, as well as the profits of most of the steel companies and the automobile companies.

ORDER FOR ADJOURNMENT UNTIL TOMORROW, AT 10:30 A. M.

Mr. JOHNSON of Texas. Mr. President, will the Senator yield to me?

Mr. KEFAUVER. I yield.

Mr. JOHNSON of Texas. Mr. President, I ask unanimous consent that the Senator may yield to me without losing the floor.

The PRESIDING OFFICER (Mr. McNAMARA in the chair). The Senator from Oregon [Mr. MORSE] has the floor.

Mr. MORSE. I yield.

Mr. JOHNSON of Texas. Mr. President, I ask unanimous consent that when the Senate concludes its business today, it stand in adjournment until tomorrow, at 10:30 a. m.

The PRESIDING OFFICER. Is there objection? Without objection, it is so ordered.

LEGISLATIVE PROGRAM

Mr. JOHNSON of Texas. Mr. President, I should like to announce, for the information of the Senate, that it is not our plan to have any yea-and-nay votes taken after 6:30 p. m. today. I am not sure that any yea-and-nay votes at all will be taken this evening, but I shall try to protect each Member after 6:30.

We hope that on tomorrow the Senate will complete its consideration of the postal pay amendment and all other amendments to the pending bill.

On tomorrow, we plan to have the Senate remain in session during the afternoon or the evening, if that is necessary.

I appeal to all my colleagues to be present tomorrow morning. There will be a morning hour, and then the Senate will proceed immediately to the further consideration of the pending bill.

I thank the Senator from Oregon very much for yielding, and I appreciate the courtesy of the Senator from Tennessee.

WALTER REUTHER

Mr. KEFAUVER. Mr. President, as I was saying, it is my feeling that at the time when the cost of living is the highest it has ever been in the history of our country, or at least in its recent history, and when plant capacity remains idle, and when 4½ million of the American people are unemployed, we should examine the cause and the reasons, and should consider what Congress can do to improve the antitrust laws and what Congress can do to energize new business and new corporations. So the hearing respecting automobile manufacturing has been a very important contribution to that purpose.

I respect Mr. Reuther as a leader of a very large, substantial labor union, composed of good American citizens. I respect the heads of management of automobile companies as good American citizens. In our hearings we conscientiously tried to give each one an opportunity to be heard, and to present his view with reference to problems dealing with concentration of industry and administered prices.

I am surprised that the Senator from Maryland should express opposition to hearings of this kind; that he should express opposition to the work of the committee, which is trying to render a service to the United States Senate and to the people; and that he should say, or

insinuate, that the chairman of the subcommittee, referring to myself, improperly used the forum of the subcommittee for some improper purpose.

Mr. BUTLER. Mr. President, will the Senator from Oregon yield, so I may reply to the Senator from Tennessee?

Mr. MORSE. I yield with the understanding that I do not lose my right to the floor.

Mr. BUTLER. My remarks will be very brief. In the first place, I gave word to the minority clerk, some time in advance of the call of the roll, to give notice to the Senator from Tennessee that I would make some remarks on this subject.

Mr. KEFAUVER. I can only say my office was not notified. I had no information about it.

Mr. BUTLER. I am sorry about that. Let me say to the Senator from Tennessee I am not in opposition to the hearing. I voted for the authorization of money to conduct the hearing when the matter was on the floor. I wanted the Senator to follow the same pattern with respect to the automobile companies as he did with respect to the steel companies. He did not ask all the steel companies to have all the men who organized the companies bring simultaneously all their figures and profit data. He did not do that at all. But he did it in the case of the automobile companies.

Mr. LONG. Mr. President, I make the point of order that this debate has been pursued far enough.

Mr. KEFAUVER. The Senator from Maryland is mistaken. We asked—

Mr. LONG. Mr. President, I refer to rule 19, section 2.

Mr. KEFAUVER. We made exactly the same agreements with all the companies as to what information they should show or should not show. As a matter of fact, the automobile companies gave us much less information than the steel companies did.

Mr. BUTLER. That may be true—

Mr. LONG. Mr. President, I must insist that the Senate comply with rule 19, section 2, which states that:

No Senator in debate shall, directly or indirectly, by any form of words impute to another Senator or to other Senators any conduct or motive unworthy or unbecoming a Senator.

I believe this form of debate has been going on long enough. I have insisted on this rule from time to time. I feel it should be enforced.

Mr. MALONE. Mr. President, will the Senator yield to me?

The PRESIDING OFFICER. A point of order has been made with respect to the remarks of the Senator from Maryland. Under the rule, the Senator from Maryland must take his seat. The Chair observes that he has done so.

Mr. KEFAUVER subsequently said:

Mr. President, I ask unanimous consent that brief extracts from the record of the hearings before the Subcommittee on Antitrust and Monopoly of the Committee on the Judiciary, concerning the notices given in connection with the hearing, be printed following the colloquy between the Senator from Maryland [Mr. BUTLER] and myself, together with a

letter dated January 14, 1958, to Mr. Reuther concerning the schedule of appearances. If the Senator from Maryland had read the record before making his statement on the floor, I feel certain that he would have understood the matter more thoroughly and would not have made the accusations he made this afternoon.

There being no objection, the extracts were ordered to be printed in the RECORD, as follows:

ANTITRUST AND
MONOPOLY SUBCOMMITTEE,
November 7, 1957.

Mr. WALTER P. REUTHER,
President, International Union, UAW,
Detroit, Mich.

DEAR MR. REUTHER: Since July 9, 1957, the Antitrust and Monopoly Subcommittee has been holding hearings on administered prices in an attempt to come to grips with what is probably the Nation's No. 1 domestic problem—the problem of inflation. During the opening phase of the hearings the subcommittee heard from five leading economists who had studied the subject and who gave to the subcommittee the benefit of their experience.

Among other things the five economists testified to was that the present inflationary spiral is due largely to price increases in administered price industries. In order to examine the uniform opinion of these experts, an industry-by-industry approach was adopted, with the steel industry as the first industry. Much testimony was heard as to the reasons for their price increases. The subcommittee heard from the officials of United States Steel Corp., Bethlehem Steel Corp., National Steel Corp., and the United Steelworkers. During the course of the hearings it was established that shortly after July 1 when the United States Steel Corp., announced an increase of \$6 a ton in steel prices, all the other steel companies fell into line by also raising their prices in the same amount. This steel price increase will result in a direct increase in costs of approximately \$500 million to steel users. According to reports in various trade magazines, by the time these increases reach the consuming public, they will be considerably snowballed. The inflationary effect of such increases is apparent.

Mr. Robert M. Blough, chairman of the board of United States Steel Corp., stated the projected increase in cost of steel for a 4-door sedan, 1957 model, f.o.b. the factory, which sells for \$2,630, would only be \$1.58. Mr. A. B. Hosmer, president of Bethlehem Steel Corp., stated that the increased cost of an automobile selling for, say, \$2,630 would be approximately \$10. Mr. George M. Humphrey, chairman of the board of National Steel Corp., stated that the actual increased cost of steel in an automobile would be somewhere in the neighborhood of \$8 to \$10 an automobile.

The prices thus far announced by the automobile manufacturers for 1958 models which have come to the attention of the subcommittee have been increased considerably in excess of the amounts directly attributable to the increased price of steel.

Because of the inflationary impact that further increases in automobiles prices will have on our economy, I brought to the attention of the members of the Antitrust and Monopoly Subcommittee your published offer, in August of 1957, to the big three automobile companies that if prices on 1958 models were reduced to levels averaging at least \$100 below the price for comparable 1957 models, the union would give full consideration to the effect of such reductions on the corporation's financial position in the drafting of 1958 wage demands in coming negotiations. I also called to the attention

Let me emphasize, however, that the purpose of lowering the minimum retirement age to 62 is not to encourage workers to retire at an earlier age. Certainly an overwhelming majority prefer to work beyond the minimum retirement age, and they should be encouraged to do so. The purpose of this bill is to make the social security program more applicable to the needs of today. By lowering the minimum retirement age to 62, we provide a greater measure of security for those who are forced to retire because of loss of employment due to age or other adversity.

It is far better, I contend, to permit these people to receive social security benefits rather than force them onto the relief rolls.

Under the existing law, of course, women may start receiving partial benefits at age 62—but they do not receive full benefits until they reach the age of 65. I contend, Mr. President, that they should be permitted to receive full benefits at age 62, and that the same minimum retirement age should likewise apply to men covered by the social security program.

There is likewise a strong justification for increasing from \$1,200 to \$1,800 the amount an individual may earn annually without being deprived of full retirement benefits. Many of those living on small retirement pensions are finding it increasingly difficult to provide for their needs. They are still productive, and they are able to supplement retirement benefits by continuing in gainful occupations. In the face of today's cost of living, it is grossly unfair to limit these individuals to \$1,200 of additional income on penalty of losing part of their retirement benefits.

Another weakness in our social security system also needs correcting. I refer to the disability provision whereby those between the ages of 50 and 65, who are permanently disabled, may receive disability insurance benefits.

However, it has already been well demonstrated that many totally disabled workers are unable to qualify for such benefits under the stringent interpretation of the law. I do not believe it was the intent of the 84th Congress, which amended the Social Security Act to provide for disability payments, to make it all but impossible for permanently disabled workers to qualify.

Last year I introduced two bills to correct this situation, and it is my hope that these amendments will also be adopted along with the two bills I have introduced today.

I know that most members of the Senate are well aware of these particular problems, and I invite their support of these amendments, which I feel will bring our social security program up to date and make it more applicable to the needs of the times.

Mr. President, I ask unanimous consent that the text of the bills be printed in the RECORD.

The PRESIDING OFFICER. Without objection, the bills will be received and appropriately referred, and the bills will be printed in the RECORD.

The bills, introduced by Mr. REVERCOMB, were received, read twice by their

titles, and referred to the Committee on Finance, and ordered to be printed in the RECORD, as follows:

S. 3377. A bill to amend title II of the Social Security Act to provide that full benefits thereunder, when based upon the attainment of retirement age, will be payable to both men and women at age 62.

Be it enacted, etc., That section 216 (a) of the Social Security Act is amended to read as follows:

"RETIREMENT AGE

"(a). The term 'retirement age' means age 62."

SEC. 2. (a) Section 202 (a) (3) of the Social Security Act is amended by striking out "the age of 65" and inserting in lieu thereof "retirement age."

(b) The last sentence of section 202 (a) of such act is amended by striking out "Except as provided in subsection (q), such" and inserting in lieu thereof "Such."

(c) Section 202 (b) (2) of such act is amended by striking out "Except as provided in subsection (q), such" and inserting in lieu thereof "Such."

(d) Section 202 (j) of such act is amended by striking out paragraph (3).

(e) Section 202 (k) (3) of such act is amended by striking out "any reduction under subsection (q) and" and "(after reduction under such subsection (q))."

(f) Section 202 (m) of such act is amended by striking out "and subsection (q)" each place it appears.

(g) Subsections (q), (r), and (s) of section 202 of such act are repealed; and subsections (t) and (u) of such section are redesignated as subsections (q) and (r), respectively.

(h) Section 203 (b) (3) of such act is amended to read as follows:

"(3) in which such individual, if a wife under retirement age entitled to a wife's insurance benefit, did not have in her care (individually or jointly with her husband) a child of her husband entitled to a child's insurance benefit; or."

(i) Section 216 (i) (2) of such act is amended by striking out "the age of 65" each place it appears and inserting in lieu thereof "retirement age."

(j) Section 223 (a) (1) (B) of such act is amended by striking out "the age of 65" and inserting in lieu thereof "retirement age (as defined in section 216 (a))."

(k) Section 223 (a) (1) of such act is amended by striking out "he attains the age of 65" and inserting in lieu thereof "he attains retirement age."

SEC. 3. Section 3121 (a) (9) of the Internal Revenue Code of 1954 is amended to read as follows:

"(9) any payment (other than vacation or sick pay) made to an employee after the month in which he attains the age of 62, if he did not work for the employer in the period for which such payment is made; or."

SEC. 4. (a) (1) The amendment made by the first section of this act shall apply only in the case of lump-sum death payments under section 202 (i) of the Social Security Act with respect to deaths occurring after 1958, and in the case of monthly benefits under title II of such act for months after December 1958.

(2) For purposes of section 215 (b) (3) (B) of the Social Security Act (but subject to paragraph (1) of this subsection)—

(A) a man who attains the age of 62 prior to 1959 and who was not eligible for old-age insurance benefits under section 202 of such act (as in effect prior to the enactment of this act) for any month prior to January 1959 shall be deemed to have attained the age of 62 in 1958 or, if earlier, the year in which he died;

(B) a man shall not, by reason of the amendment made by the first section of this act, be deemed to be a fully insured indi-

vidual before January 1959 or the month in which he died, whichever month is the earlier; and

(C) the amendment made by the first section of this act shall not be applicable in the case of any man who was eligible for old-age insurance benefits under such section 202 for any month prior to January 1959.

A man shall, for purposes of this paragraph, be deemed eligible for old-age insurance benefits under section 202 of the Social Security Act for any month if he was or would have been, upon filing application therefor in such month, entitled to such benefits for such month.

(3) For purposes of section 209 (i) of the Social Security Act, the amendment made by the first section of this act shall apply only with respect to remuneration paid after December 1958.

(b) The amendments made by section 2 of this act shall take effect January 1, 1959, and shall be applicable with respect to monthly benefits under title II of the Social Security Act for months after December 1958.

(c) The amendment made by section 3 of this act shall be effective with respect to remuneration paid after 1958.

S. 3378. A bill to amend title II of the Social Security Act to increase the annual amount individuals are permitted to earn without suffering deductions from the insurance benefits payable to them under such title.

Be it enacted, etc., That (a) (1) paragraphs (1) and (2) of subsection (e) of section 203 of the Social Security Act are amended by striking out "\$1,200" wherever it appears therein and inserting in lieu thereof "\$1,800," and (2) such paragraphs and paragraph (1) of subsection (g) of such section are amended by striking out "\$100" wherever it appears therein and inserting in lieu thereof "\$150."

(b) The amendments made by subsection (a) shall be effective, in the case of any individual, with respect to taxable years of such individual ending after 1958.

Mr. LANGER. Mr. President, will the Senator yield?

Mr. REVERCOMB. I yield.

Mr. LANGER. I am delighted with the remarks of the distinguished Senator from West Virginia. Ever since he has been in the Senate he has been a great friend of social security. The very problems he mentions have bothered a great many Senators. The amendments he proposes to the Social Security Act should have been adopted a long time ago. I hope the Senator will push them. I am satisfied he will have the solid backing of those of us in the Senate who are convinced that the interpretation of the law passed by the 84th Congress has been too stringent. I congratulate the Senator. He has rendered a great service.

Mr. REVERCOMB. I appreciate very much the remarks of the Senator from North Dakota. Perhaps he recalls that I took the position some years ago that persons who are permanently and totally disabled should be retired at any age. That proposal came before the Senate in the form of an amendment I offered to a bill which was before the Senate at the time. The amendment did not carry; it was defeated. However, as an aftermath, and some years later, in 1956, the payment of benefits was authorized to totally and permanently disabled persons who were 50 years of age; the age was reduced from 65 to 50. I still believe that persons who are permanently

disabled and who are totally disabled should receive benefits when their disability occurs. That is the purpose of one of the bills now pending before the committee. I believe the time will come when that proposal will be adopted. I thank the Senator from North Dakota for his very helpful remarks.

Mr. HILL, Mr. CASE of South Dakota, Mr. KEFAUVER, and Mr. HUMPHREY addressed the Chair.

The PRESIDING OFFICER. Does the Senator from Oregon yield; if so, to whom does he yield?

Mr. MORSE. I yield first to the Senator from Alabama; then I shall yield to the Senator from South Dakota, the Senator from Tennessee, the Senator from Minnesota, and the Senator from Kansas, all with the understanding that I shall not lose my right to the floor.

DEATH OF ED O'NEAL

Mr. HILL. Mr. President, I learned with sorrow of the death last night of Ed O'Neal, a distinguished Alabamian a leader of American agriculture and a personal friend.

Ed O'Neal served with distinction as president of the American Farm Bureau Federation for 16 years, from 1931 to 1947, and before that he served as vice president of the American Farm Bureau Federation and as president of the Alabama Farm Bureau Federation.

Many of my colleagues will recall the personal charm and courtly character of Mr. O'Neal. He was a warm personality, a good friend. But at the same time he was a tenacious worker, a vigorous exponent of his beliefs, a man of inexhaustible energy and splendid courage.

Ed O'Neal was first and foremost a farmer and an agricultural leader. He came from a long line of distinguished forebears whose names are a part of the history of Alabama. He was distinctly a product of Alabama and of the South, of its people and culture, its soil and philosophy.

In 1941, on the occasion of the celebration of his 20th anniversary of leadership in American agriculture, it was my pleasure to say of Ed O'Neal:

He has wrought wonderfully, not only for the farmers but for the whole country. He stands forth today as one of the greatest agricultural statesmen in the history of our country. He is one of the accepted leaders of the entire Nation.

It is always sad to learn of the death of a friend. But it is a consolation to recall that Ed O'Neal enjoyed life to the hilt, that his was a good life and well-spent, and that he enjoyed the honor and respect of his fellow Americans.

Mr. CASE of South Dakota. Mr. President, will the Senator from Oregon yield to me?

Mr. MORSE. I wonder whether the Senator from South Dakota would permit me to yield first to the Senator from Idaho. He tells me that what he has to say will take only a minute, and he must leave the Chamber.

READJUSTMENT OF POSTAL RATES

The Senate resumed the consideration of the bill (H. R. 5836) to readjust postal

rates and to establish a congressional policy for the determination of postal rates and for other purposes.

Mr. MARTIN of Iowa. Mr. President, the Post Office Department furnishes one of the most vital services offered by any individual or organization in this country. It is difficult to conceive of what American life would be like without our mail services.

The rates charged by the Post Office Department for these postal services, rates set by the Congress, traditionally have been geared to making overall Post Office operations pay their own way. Today, the basic first-class rate is the same as it was 25 years ago but costs of operation have increased substantially and the volume of mail handled by the Department has bounded upward. The result is that the Department is not now, and has not been for several years, paying its own way.

That leaves us with a simple choice. Will we leave the Post Office Department operating on a deficit basis, with the deficit coming out of the Federal Treasury and therefore out of the taxes which must be paid by all Americans? Or will we raise rates enough to put the Department back on a self-sustaining basis, so that its costs of operations will be borne by those who use the mails—the people who take advantage of the services offered by the Post Office Department?

To me, the choice is clear. I think Post Office costs should be paid by those who use the services. I am voting for the rate increases proposed in this bill because I believe it is the only way of maintaining our postal services at satisfactory levels but at the same time shifting the burden of their costs away from the body of taxpayers, who long have been suffering such a burdensome load even without having to make up the Post Office deficit.

The postal deficit, Mr. President, now is running at a rate of nearly \$700 million for this year. If we pass a badly needed postal wage increase, as I am sure we will, the deficit rate will jump to more than a billion dollars a year.

Furthermore, the overall postal facilities of the Nation are in an alarming state of inadequacy and obsolescence. This condition will become worse with each passing year, as the population grows and the mail volume grows with it. A major modernization and improvement of the entire Post Office plant, including installation of modern machinery to speed handling of the mail and cut down on time-consuming manual labor, is essential.

If our mail facilities are inadequate today, as they are, then how can the Post Office possibly move the mail efficiently by 1970, when it will be handling almost 20 percent more volume for a population of 200 million Americans, unless we provide the funds necessary for improvement and modernization of those facilities now?

There are those who say we are placing, in this bill, too heavy a burden on the individual citizen and too light a burden on the publishers and the commercial users of third-class mail.

This, in my opinion, is simply not true. About 75 percent of all first-class mail is business mail. The rates in this class

of mail have not been changed since 1932. Traditionally, first-class mail, as the preferred and expedited service of the post office, has returned more than 140 percent of its allocated costs.

Today, for the first time in history, first-class mail is losing money. This bill, as it stands, will restore first-class mail to its traditional place in the postage rate structure.

There is no doubt that the rates on second- and third-class mail have been too low for years. But if they are increased more than is proposed in the present bill as reported out of the Post Office and Civil Service Committee, we would be hurting a large segment of our economy, and the damage would be felt most, not by the big fellows of the publishing and third-class mailing industries, but by the little fellows who are struggling to make a living.

Since Congress sets the postage rates, we cannot, in all justice and fairness, completely ignore the responsibility placed upon us by generations of our predecessors in both Houses, who have made low postage rates a way of life for the users of these classes of mail since 1879.

Certainly the rates for second- and third-class mail should be raised; in this bill, as amended and approved by the committee, they are being substantially increased. But it would be impractical and unfair to impose rate increases which would make these classes of mail anywhere near self-sustaining. That would be disastrous to both the publishing and the direct-mail industries of the country.

No, Mr. President; the solution to the post office's twin problems of insolvency and obsolescence is in this bill. It is the only solution that will provide revenues sufficient for the job; it is the only solution that will protect the little fellow and place the financial burden of the badly needed modernization program exactly where it should be, on the people who actually use the mails.

NOMINATION OF AXEL J. BECK TO BE UNITED STATES DISTRICT JUDGE FOR THE DISTRICT OF SOUTH DAKOTA

Mr. MORSE. I now yield to the Senator from Tennessee [Mr. KEFAUVER].

Mr. CASE of South Dakota. Mr. President—

Mr. MORSE. Mr. President, I yield to the Senator from South Dakota.

Mr. CASE of South Dakota. Mr. President, I merely wish to thank the distinguished Senator from Oregon for agreeing to yield to the Senator from Tennessee to make a statement.

Mr. KEFAUVER. Mr. President, on Monday the Committee on the Judiciary reported favorably the nomination of Axel J. Beck, of South Dakota, to be a United States District Judge for the District of South Dakota.

On Tuesday morning, while I was attending a meeting at the Statler Hotel, I read in the newspaper an article to the effect that Mr. Beck's recommendation had been, in effect, turned down by the Standing Committee on the Federal Judiciary of the American Bar Association.

Mr. HUMPHREY. I, of course, yield to the Senator from Oregon, who has been gracious enough to yield to me.

Mr. MORSE. I should like to comment on two facets of the problem the Senator has raised. The Senator will recall it was alleged that the doors of the caucus room were locked and that persons were denied admission to it for the press conference.

I hope the Senate Rules and Administration Committee will look into that matter. I have looked into it today, and I find the report is that the door was at no time locked; that there was a Capitol policeman at the door as is customary when there are hearings in the caucus room; that it may be he did not admit those whom he thought were in no way connected with the hearings or with the press conference; but that it certainly was a matter in regard to which Mr. Reuther was no party, and that many persons were admitted to the room during the press conference, so I am advised. People came and went, and certainly there was no attempt on the part of those conducting the press conference to deny anyone admission to the room.

Second, I may say to the Senator from Minnesota that I hope the chairman of the Rules and Administration Committee will proceed, as was suggested yesterday, to give the matter a full investigation, with a subsequent report as to how the facilities should be used.

I have talked to newspapermen today, who expressed complete surprise over question being raised as to the propriety of a press conference being held by a private citizen inside or outside the Senate Office Building or the Capitol of the United States. They have reported to me that on a goodly number of occasions, following the close of a hearing in the morning and afternoon, there have been press conferences in the old Supreme Court room with a witness or someone participating in the hearing, because it was the most available and convenient place for the press to examine a citizen who was highly involved in a hearing being conducted by the Senate. Therefore, I think we ought to know what the practice is.

I am sure members of the press would not consider that they were violating any confidence, so far as providing information is concerned, if they—or at least the person in charge of the press gallery—advised the chairman what the practice is in regard to holding press conferences in the Senate Office Building or the Capitol.

I think such an investigation will show that what happened yesterday was not extraordinary at all, so far as holding a press conference is concerned. It may have been extraordinary in that, in view of the person involved, it was a much larger press conference than usual; but newspapermen have told me they have sat in press conferences in many rooms in the Senate Office Building and the Capitol after someone had appeared before a committee in a hearing, as Mr. Reuther had yesterday, and the press had proceeded to interview him.

As was pointed out by the Senator from Colorado [Mr. CARROLL] yesterday, I hope we have not reached the point where a free citizen, in his relations with Congress in connection with an investigation, is not going to be able to sit down with a free press and answer questions, as happened yesterday.

There is one other thing I hope the chairman of the Rules and Administration Committee will do, and that is submit a report showing what other uses are made of the Senate Office Building and Capitol rooms. Even though a room may be used under the sponsorship of a Senator, I point out that we do not own these rooms, and that even Senators owe obligations to their colleagues in regard to the exercise of their so-called privileges and prerogatives.

I should like to have the chairman of the Rules and Administration Committee look into the extent to which the caucus room or other rooms of the Senate Office Building and the Capitol are being used for functions which might come under the broad heading, in Washington, D. C., of social functions, but which, in my section of the country, would not be classified as social functions at all.

I understand that there was use made of the caucus room a few days ago by an alumni association of a great educational institution. From the standpoint of the singing and apparently good time that was being had by all, it would be very difficult to classify it as an official function in any way connected with the official operations of the Senate.

Mr. President, I speak somewhat jocularly, but let us face up to it: I happen to be one who, on the floor of the Senate, is always going to object to the use of any of the facilities of the Senate Office Building or of the Capitol for any function at which the source of the entertainment may be liquid refreshments other than water and soft drinks.

To be specific, I shall always be heard to object if the taxpayers' buildings, the Senate Office Building or the Capitol rooms, are ever used for any function at which intoxicating liquors are served. If anybody wants to make an issue of that at any time I am perfectly willing to meet him on the issue, because I consider that to be a misuse of the facilities of the Senate Office Building and of the Capitol.

I think we are entitled to have a report from the chairman of the Committee on Rules and Administration. If such restrictions do not already exist, I want to know it, because I shall propose at least to give Senators an opportunity to stand up and be counted as to whether they desire to authorize the use of any facilities in the Senate Office Building or in the Capitol for any function which can be defined as a cocktail party or a drinking party or any other description one may want to apply to such a function at which intoxicating liquors are served, because I am simply opposed to the use of any facility of the Senate Office Building or the Capitol for any such purpose.

Mr. WATKINS. Mr. President, will the Senator yield?

Mr. MORSE. I yield.

Mr. WATKINS. Does the Senator apply that same objection and statement to the Members of the Senate as well?

Mr. MORSE. The Senator knows I am not my brother's keeper in that sense; but I want to say to the Senator that he and I have a common habit in regard to the particular question of abstinence.

Mr. WATKINS. I did not know exactly how wide a territory the Senator was taking in, and I wanted to be sure. I thank the Senator.

Mr. MORSE. I would certainly apply it to any colleague who sought to make use of such a facility under his sponsorship.

Mr. WATKINS. I thank the Senator.

Mr. MORSE. I would be very much surprised if the Senator from Utah did not join me in support of such a rule, if a rule is needed.

Mr. WATKINS. I should be glad to take a look at one.

Mr. HUMPHREY. Mr. President, will the Senator yield?

Mr. MORSE. I yield.

Mr. HUMPHREY. I should like to add that my comments relating to the assistant superintendent of the press gallery, to the custodian, and to Miss Watt are not to be interpreted as being critical at all of the decision which they made. These people are responsible officials doing a good job. They were following the lines of conduct which have been customary in the Senate.

My only point was that the use of the caucus room for the press conference was not initiated by Mr. Reuther. It was not as if Mr. Reuther went in and took over the facilities. It rather was a use of the caucus room following a request of the appropriate officers of the United States Senate and its committees and agencies.

READJUSTMENT OF POSTAL RATES

The Senate resumed the consideration of the bill (H. R. 5836) to readjust postal rates and to establish a congressional policy for the determination of postal rates, and for other purposes.

Mr. CARROLL. Mr. President, will the Senator from Oregon yield?

Mr. MORSE. I yield to the Senator from Colorado.

Mr. CARROLL. Will the Senator yield if he has concluded the discussion? I do not wish to interfere with a continuation of the discussion.

Mr. MORSE. That discussion has been concluded, I believe.

Mr. CARROLL. Mr. President, I send to the desk two amendments and I ask unanimous consent that they be considered en bloc at this time, so that they may come up for consideration tomorrow morning. The amendments are submitted in behalf of the Senator from Oregon [Mr. MORSE], the Senator from Minnesota [Mr. HUMPHREY], the Senator from Oregon [Mr. NEUBERGER], and the Senator from Texas [Mr. YARBOROUGH], as well as myself.

Mr. President, I ask unanimous consent that the amendments be printed in the body of the RECORD.

The PRESIDING OFFICER. The amendments will be received, printed, and lie on the table; and, without objection, the amendments will be printed in the RECORD.

The amendments are as follows:

On page 36, line 25, before the quotation marks insert the following: "and except that the minimum postage on each individually addressed copy of newspapers or periodicals maintained by and in the interests of religious, educational, scientific, philanthropic, agricultural, labor, veterans', or fraternal organizations or associations, not organized for profit and none of the net income of which inures to the benefit of any private stockholder or individual, shall be one-eighth of 1 cent."

On page 36, strike out lines 1 through 17, inclusive.

On page 46, line 24, strike out "(e)" and insert "(d)".

On page 47, line 7, strike out "(c)" and insert "(b)".

On page 47, line 8, strike out "(c)" and insert "(b)".

Mr. CARROLL. Mr. President, I invite the attention of my distinguished colleague, the junior Senator from Oklahoma [Mr. MONRONEY], to the amendments, so that he may examine them, because the purpose of these amendments is to strike from the bill provisions increasing rates for nonprofit second class publications which have replaced the provisions adopted by the House of Representatives. The House bill provided for no change in nonprofit publication rates.

Mr. MONRONEY. Mr. President, will the Senator yield at that point?

Mr. CARROLL. I am happy to yield.

Mr. MONRONEY. The effect of the amendments offered by the distinguished junior Senator from Colorado would be to duplicate the House language in the Senate bill, and it would not then be possible to consider the matter in conference; is that correct?

Mr. CARROLL. I am not quite sure that is correct.

Mr. MONRONEY. As I understand the Senator's amendment, it would put the bill on all fours with the House bill. Consequently, since the same provisions would be contained in the bills as passed by both Houses, there would be nothing for the conferees to discuss.

Therefore, without knowing what publications the distinguished junior Senator from Colorado has in mind, their size or their numbers, we would have to accept on faith at this late hour the decision of the House. We have no assurance that the House was aware of the extent of the problem or the low rate at which Rotary Club publications, for example, and publications of other nonprofit organizations such as the chambers of commerce, are being handled.

I presume the United States Chamber of Commerce and the National Association of Manufacturers also enjoy this extremely low rate, which the distinguished junior Senator from Colorado is seeking to perpetuate, perhaps inadvertently, by his amendment. Knowing the Senator as I do, I am sure he is interested in the religious and educational aspects of the problem, but I would hesitate to support such an amendment, because I am afraid it would freeze into

the legislation without proper consideration favoritism which is not justified, at least not for such large scale and wealthy organizations as I have enumerated.

Mr. CARROLL. Mr. President, I think I must respond at this time. I appreciate the tender solicitude with which the Senator from Oklahoma regards my amendment, and why he wants to take it to conference.

Mr. MONRONEY. I do not wish to take the amendment of the Senator to conference. I wish to have the Senator offer it and to discuss it tomorrow, and then I hope the Senator will permit the conferees to have an open conference, not bound by a Senate position such as would be the case were the amendment rejected, so that the matter can be adjusted anywhere in between the positions taken by the two Houses.

Mr. CARROLL. Considering the considerable astuteness with which the junior Senator from Oklahoma has attacked the amendment and diverted the real purpose of it, I seriously doubt there will be any consideration in conference. Therefore, I wish to put the membership on notice that this amendment is not aimed at aiding the Rotary Club and the National Association of Manufacturers. The junior Senator from Oklahoma well knows that the amendment has nothing to do with those organizations.

The House exempted nonprofit institutions which are religious, which are educational, and which are scientific. It is true that the exemption involves many groups about which this body does not know. Why do the Members not know about it? Because nothing on the subject is contained in the report. Why else do the Members not know about it? Because there has never been a chance to have hearings before the Senate committee. Why else do the Members not know about it? Because even the staff of this very able committee did not fully comprehend the effect of the formula affecting nonprofit groups.

Mr. MONRONEY. Mr. President, will the Senator yield?

Mr. CARROLL. I refuse to yield at this time, until I have had a chance to answer fully.

I never expected this side-winding attack about the NAM and the Rotary clubs.

Mr. MONRONEY. It was not an attack, I will say to the Senator.

Mr. CARROLL. The distinguished junior Senator from Oklahoma and I have been discussing in a very candid manner in this Chamber the relationship of the nonprofit groups in this bill, and what the effect of passage of the bill would be upon them. I thought we could do this without a "snow" job or a propaganda job about the Rotary Club and the NAM, which has never been in the mind of the junior Senator from Colorado at all with regard to this bill.

Mr. President, I hope the membership will have a chance to read the amendments and the debate. If I am successful tomorrow, we shall have a record vote.

The facts are quite simple. The membership of the other body retained the

same postage rate for publications of nonprofit organizations. What are some of the organizations? I have a telegram in my hand, Mr. President, and I ask unanimous consent that it be printed in the RECORD. It was sent by the American Legion and came to me today.

There being no objection, the telegram was ordered to be printed in the RECORD, as follows:

Hon. JOHN A. CARROLL,
Senate Office Building,
Washington, D. C.:

Referring to H. R. 5836 covering increase in postal rates now being debated by Senate we note exemption heretofore granted religious, fraternal, labor, educational, and veteran organizations has been removed in favor of a 50 percent discount applicable to existing rates and proposed increase on July 1. This will jeopardize the future operations of the American Legion magazine and could well start our publication on the road to liquidation. Respectfully request restoration of House-passed language in this bill relating to publications in the nonprofit field such as the American Legion magazine.

JOHN S. GLEASON, Jr.,
National Commander, the American
Legion.

Mr. CARROLL. As I have explained to my distinguished friend from Oklahoma, a religious group from Colorado first explained to me the effect of the formula. I am not a member of the committee, and this is a very technical bill. When I conveyed the information which was furnished me to the staff and my distinguished friend from Oklahoma, they were uncertain about the effect of the formula.

We have now found out what the truth is. The truth is that on publications of the nonprofit groups a 100-percent increase in postal rates is to be imposed. What I am trying to do is to place some facts into the RECORD. Whether we want to give these interests relief or not is another question.

One of the newspapers affected is called Labor. It is a railway brotherhood newspaper. According to the information which has been given to me they issue a four-page paper. It contains no advertising. They are now paying \$900 a week to disseminate information to their membership throughout the Nation. This formula would increase the cost to \$1,800, and they say they cannot afford such an increase.

Let me quote a line from the telegram received by me today from the American Legion. It is one of those which I have offered for the RECORD.

This—

The formula—

will jeopardize the future operations of the American Legion magazine and could well start our publication on the road to liquidation.

The bill is very technical. Under the terms of the bill there is a 15-percent freeloading out of revenue. The committee sets up that formula. The first-class mail users will pay the principal part of that burden.

When we look at the report according to the committee's own computation, the cost of keeping the House exemptions of nonprofit publications will approximate \$2.8 million. The question for this body

to decide is whether or not it is important to the educational groups, the nonprofit groups, the scientific groups, and others that they be afforded relief. I do not refer to the Rotary clubs or to the National Association of Manufacturers. Is it important to some of the church groups to disseminate information? Is it worth while to give them a subsidy of \$2.8 million? If it is not, the Senate can very easily vote it down.

I have been very fair to the distinguished junior Senator from Oklahoma in my comments. I may add that he has been fair with me, until I received this sidwinding attack involving the National Association of Manufacturers. Quite frankly, I am surprised.

Mr. MONRONEY. Mr. President, will the Senator yield?

Mr. CARROLL. I am happy to yield.

Mr. MONRONEY. The junior Senator from Oklahoma respects the Sidwinder which the Navy possesses, but has no weapons in his arsenal similar to it, either in accuracy or effectiveness.

I should like to ask the distinguished junior Senator from Colorado a question. I have been told verbally that this proposal would restore the House provisions to the bill. Is that correct?

Mr. CARROLL. The legislative counsel's office prepared these amendments, and we conferred with experts in the Post Office Department, in an effort to restore, as nearly as possible, the proviso of the House bill that there should be no increase with respect to nonprofit organizations.

Mr. MONRONEY. I am certainly not engaging in a sidwinding attack. The United States Chamber of Commerce and the Rotary clubs are all nonprofit associations which enjoy the low rate. If the amendment of the distinguished Senator carries the rate which those organizations are now paying, they will continue to pay it. So, the effect of the amendment of the Senator from Colorado is to do just what the junior Senator from Oklahoma said it would do.

While he may be seeking to protect the labor leaflets and church leaflets, at the same time his amendment has the effect of striking from the bill provisions which would discontinue free loading by other organizations which are perfectly capable of carrying a slight increase in the cost of distribution of their regular mailings. That is what the junior Senator from Oklahoma meant when he stated that the amendment of the Senator from Colorado would open the door to other nonprofit organizations as well as the religious and educational organizations.

Mr. CARROLL. I was under the impression that there was a limitation in the House bill.

Mr. MONRONEY. I have read and reread it, and the only limitation I can find is the provision that puts the general minimum rate up to one-fourth of a cent. The provision in the Senate version, which the Senator from Colorado would strike, calls for a general minimum rate of one-half cent.

Mr. CARROLL. We have really taken the words from the House bill. This is the exception;

And except that the minimum postage on each individually addressed copy of newspapers or periodicals maintained by and in the interests of religious, educational, scientific, philanthropic, agricultural, labor, veterans', or fraternal organizations or associations, not organized for profit and none of the net income of which inures to the benefit of any private stockholder or individual, shall be one-eighth of 1 cent.

That was the provision in the House bill.

We have discussed this question frequently. This is the first time I have heard reference to the National Association of Manufacturers and the United States Chamber of Commerce. If the Senator from Oklahoma thinks we are seeking to open the door to Rotary or the Lions Club, let me say that, perhaps, we should not discriminate, but I have never been led to believe that they represented an appreciable part of this group. I have been led to believe that the group consisted largely of religious, educational, and scientific organizations.

Mr. MONRONEY. All civic organizations come within the category of nonprofit organizations.

Mr. CARROLL. This is the first time I have ever heard any discussion about the effect of this provision on the National Association of Manufacturers or the United States Chamber of Commerce. That is why I used the expression with respect to a sidwinding attack. To me it completely obscures the basic purpose of the amendment. The real issue is, does this body want to give a subsidy to these philanthropic and eleemosynary groups to the extent of \$2,800,000, following historic precedent? That is the basic question.

Mr. MONRONEY. The Senator always is fair. I frankly admit that we propose to increase the minimum rate by 100 percent, but I think the RECORD should show that this increase is from one-eighth of a cent to one-fourth of a cent per piece.

It seems to me that the Post Office Department would still be rendering considerable public service, when it is called upon to receive the mail, cart it to the post office, sort it into the bags which may go to all the 48 States, route it, transport it to its destination, deliver it at the station, pick it up by a truck and carry it across town to the post office, sort it for delivery to the carriers, and finally carry it on foot to the addressee. It seems to me it would not be asking too much to say, "Pay us one-fourth of a cent instead of one-eighth of a cent," for this service even though this is an increase of 100 percent.

I think my labor record is fairly good. Labor insists on fair pay for its efforts. I think we are entitled, as a Federal Government, to receive a fair rate for handling through the mails the publications of labor, educational, and church organizations. I believe that my own church, which I frequently attend, is rather well fixed financially. It is situated across Lafayette Square from the White House. I do not think it is bankrupt, but I heard from one of the principal church officials today at noon that they mail 1,400 copies of their report, 40 weeks in the year—a total of 56,000

pieces of mail—for \$5. They could perhaps afford to spend \$10 for the distribution of such mail.

I am not trying to prejudice the position of any religious organization. I believe that my own church organization should pay a part of it, and I believe that other denominations should also pay a part of it. I see no unusual hardship in that suggestion. I also say to my distinguished colleague that if they have a big publication and if they wish to disseminate newspapers or a mass of leaflets, they should remember that we have actually reduced the bulk rate for them. It is the minimum rate for delivering the individual pieces of mail that we are increasing. We are giving them a better break on the one hand. On the other hand we are saying it takes a great deal of money to handle a little individual leaflet which is carried at the minimum rate and that we have a right to expect a Herculean, 100-percent increase, of one-eighth of 1 cent.

I fail to see why the people of this country should become aroused because after some 50 years we have finally decided that we will move the rate up one-eighth of a cent on this type of mail matter.

The Senator from Colorado accuses me of a sidwinding attack, but he is striking out, so far as I can understand, the provision that raises the rate for nonreligious but nonprofit groups by another one-eighth of a cent.

Mr. CARROLL. The Senator is making the kind of logical argument I would expect him to make, because I know he has a conviction on the subject, and there is some logic to his argument. If we can keep away from NMA and Rotary—

Mr. MONRONEY. I merely said they will get a free ride.

Mr. CARROLL. That has not been my—

Mr. MONRONEY. I know that was not the Senator's intention, but I was calling it to his attention.

Mr. CARROLL. The point I wish to make is that I can understand it sounds very simple to say that the bill would merely raise the rate from one-eighth of a cent to one-fourth of a cent. That is not the point. The point is that it bears down heavily upon the nonprofit groups, and they say they will not be able to function under it. The further point is that they never were given an opportunity to be heard. My most important point is that the effect of this provision was not properly reflected in the report of the committee. Even the membership of the committee does not understand what is in the report.

Mr. MONRONEY. I agree with the distinguished Senator—

Mr. CARROLL. I wish to finish my statement. I yielded to the Senator to make his case. It is of vital importance that the Senate not follow what is in the report. The second point is that the people involved were never given an opportunity to be heard. The increase from one-eighth to one-fourth of a cent seems very small, indeed, but when we consider the fact that a 100-percent increase will mean that people who are

spending \$1,000 for mailing will have to spend \$2,000, it makes a considerable difference. We must remember that these are nonprofit organizations, such as the American Legion, which I mentioned, the railway-labor group, and the National Educational Association. It is not a question of one-eighth of a cent. The question is, Where are they going to get the money? That raises the next question: Do we want to give a subsidy? If not, let us wash them out and forget them. However, we ought to discuss the issue. It is that simple.

Mr. MONRONEY. Certainly the distinguished Senator from Colorado would not want to leave the impression that carrying the religious and educational mail for one-quarter of a cent would be unsubsidized.

Mr. CARROLL. I merely go by the committee's own chart, which shows that if we increase the rate from one-eighth of a cent to one-quarter of a cent, plus new pound rates, we will pick up an additional \$2.8 million.

Mr. MONRONEY. I say they are still the most highly subsidized second-class mail publications, in connection with which we have been working all day to provide additional increases.

(At this point, Mr. MORSE yielded to Mr. WATKINS and Mr. COOPER to make insertions in the RECORD, which, by unanimous consent, were ordered to be printed in today's RECORD at the conclusion of the debate on the postal-rate bill.)

Mr. MORSE. Mr. President, I say to my distinguished friend from Kansas [Mr. CARLSON] that I am now ready to submit my amendment and to vote without a debate, on the basis of the membership now present on the floor. I feel almost certain that to avoid a debate the Senator from Kansas would be willing to take my amendment to conference.

Mr. CARLSON. I should very much like to do that, I assure the distinguished Senator from Oregon; but the distinguished majority leader previously made a statement that there would be no votes after 6:30.

Mr. MORSE. Yea-and-nay votes.

Mr. CARLSON. I assumed he meant no votes at all; but perhaps the reference was to yea-and-nay votes.

I urge the distinguished Senator from Oregon to leave his amendment pending, and I assure him that he will have more Senators in attendance tomorrow morning than are here now.

Mr. MORSE. I have had my fun with the Senator from Kansas. I have no intention of putting the amendment to a vote. But I would have him observe that, for once, I have a majority of votes at the present moment.

I now yield to the Senator from Colorado.

Mr. CARROLL. I apologize to the Senator from Oregon. I merely rose to submit amendments and to have them printed. I had no idea of getting into the discussion.

I think the distinguished junior Senator from Oklahoma [Mr. MONRONEY] and I are now on pretty solid ground in reducing this matter to a simple issue and to let the Senate decide whether it

is willing to continue the traditional relief to these groups. If it is the decision of the Senate not to do so, I think the Senator from Oklahoma has nevertheless made an excellent argument in the debate. All we seek to do is to offer the amendments tomorrow.

I close by saying that it is very obvious why we cannot let this go to conference, in view of the conflicting opinion in the matter. If the House does not accept the Senate bill as amended, and if my amendment should be rejected, this section will be in conference. On the other hand, if the amendment which has been offered by me, on behalf of myself and other Senators, is accepted, there will be nothing about which to hold a conference regarding that part of the bill. That will reduce the problems of our conferees, when they meet with the conferees on the part of the House.

So I believe it would be a mistake for us not to have an expression made by this body regarding what it wishes to do with the historic treatment of this group.

I shall leave the debate at this point, unless the Senator from Oklahoma wishes to pursue the matter further.

Mr. MONRONEY. First, I wish to thank my colleague for the great compliment he has paid me when he has suggested that, as one member of the conference committee, which perhaps would be composed of 10 members, I would have any persuasive ability in connection with the writing of the conference report. I have not had any great experience in connection with such matters.

On the other hand, of course I come from the great State of Oklahoma, and therefore I appreciate the suggestion that the prowess of Oklahomans on the football field might be carried over into other arenas.

But in all seriousness, I believe it would be desirable to have a further discussion of this matter tomorrow, when perhaps more Members will be on the floor of the Senate.

However, I am happy to have had this debate with the distinguished Senator from Colorado. It has been a most interesting and informative experience to me, in view of his pungent wit, keen intellect, and impressive and informative arguments. I hope that on tomorrow we shall be able to resume the debate at a time when more Senators will be on the floor.

Mr. CARROLL. Mr. President, will the Senator from Oregon yield to me, to permit me to make a further brief observation?

The PRESIDING OFFICER (Mr. YARBOROUGH in the chair). Does the Senator from Oregon yield further to the Senator from Colorado?

Mr. MORSE. I yield.

Mr. CARROLL. Let me say to the distinguished Senator from Oklahoma and to his very excellent staff that if there is any further defect in the amendment, then—as we have stated on so many occasions—we wish to have the benefit of his views and those of the staff. We do not wish to have included in the bill a provision which will result in such treatment of groups not entitled to partici-

pate. So if some mistake has been made, we wish to know about it. Let us meet the issue head on. That is all we ask.

Mr. MONRONEY. Mr. President, I would be presumptuous to suggest to the distinguished Senator from Colorado and to his able staff, any changes in the amendment. However, I point out that between now and tomorrow noon it would be well for the Senator to check on the amendment, to see whether it goes further than it should, and applies to publications other than those of eleemosynary and similar groups.

Mr. CARROLL. I shall be very glad to check on that point.

Mr. MONRONEY. I think the Senator from Colorado also should check to see whether the amendment would extend to various large newspapers of companies and unions the advantage which he intends this part of the bill to give to the publications of small groups. I believe it will be found that the amendment would do that.

I believe it will be found that, although many publications would be favorably affected by the new bulk rates, only few publications would be helped by the proposal of the Senator from Colorado to strike out the very carefully considered language of the Senate version and to insert the language adopted by the House of Representatives.

Mr. CARROLL. We shall be very happy to check on that point.

Mr. MONRONEY. The Senator from Colorado is correct in suggesting that the statement in the committee report is at least ambiguous. Such publications will be helped, by the new bulk rate. But the mailing costs of some of them will be increased by changing the per piece rate from one-eighth of a cent to one-fourth of a cent.

Mr. CARROLL. I thank the Senator from Oklahoma, and I also thank the distinguished Senator from Oregon.

Mr. MORSE. Mr. President, I promised the majority leader that I would make a brief statement on my amendment tonight, so it would be in the RECORD; and then on tomorrow morning, shortly after 10:30, we can proceed to vote the amendment either up or down. In other words, by making this statement this evening, some time will be saved.

My amendment seeks to strike out, on page 26, of the bill, the language beginning in line 15, and extending through line 25.

I shall also have something to say about perfecting amendment, which I may offer tomorrow morning, to the language on page 30, beginning in line 16, and running through line 18. I believe that language needs some clarification, because it bears on the same point.

Mr. President, two things caused me to submit the amendment. One was the colloquy between the Senator from Ohio [Mr. LAUSCHE] and the chairman of the committee, the distinguished Senator from South Carolina [Mr. JOHNSTON]. That colloquy appears in the CONGRESSIONAL RECORD on pages 2478, 2479, and 2480. Tomorrow morning, I shall quote extensively from that colloquy. I believe the Senator from Ohio pointed out very

clearly the dangers involved in the policy statement contained in the language which I seek to have stricken out.

The second piece of information which I received, which caused me to submit the amendment, came from certain members of the press gallery who today called my attention to this matter. They convinced me that this language is both undesirable from the standpoint of public policy and harmful to the people of the country. Therefore, I wish to present my views regarding it.

One of the newspapermen said, "Here is the gimmick in the bill—one of the most serious gimmicks in it." He said, "Senator, this language might just as well have been written in the bill by a magazine lobbyist."

As I have studied the language, I have become convinced that that newspaperman is absolutely correct.

But, Mr. President, I wish to say that I am opposed, as a matter of legislative policy, to including in proposed legislation such as this the type of blanket policy which is set forth in that language in an attempt at least persuasively to bind future Congresses, if not to establish a precedent so that in the years to come some Senator will be able to say, "That was covered in the 1958 Act; that is what the Senate passed then." I see nothing good to be accomplished by including such policy statements.

Someone said to me this afternoon that we need to recognize that this language has been included in the bill in order to accommodate anyone who might wish to make a stump speech on the subject. Mr. President, I am not interested in having the Senate include in the bills it passes a provision for the making of stump speeches. So I wish to have the Senate take a careful look at the language on page 26, between lines 15 and 25. That paragraph ends with the following words:

The costs of other classes of mail and special services (except the fourth-class mail) shall be computed on an incremental or out-of-pocket cost basis.

But then, when we come to the definition, as stated yesterday, for the RECORD, by the distinguished senior Senator from South Carolina [Mr. JOHNSTON], of out-of-pocket cost, we inescapably come to the conclusion that what is proposed as a matter of policy, by means of this language, is to permit the magazines and newspapers to use all the facilities of the post office system to their great benefit, but, in effect, to make no postal-rate contribution to the maintenance and the construction of those facilities.

I think that would be simply inexcusable as a matter of public policy. I am not at all impressed by the argument of the chairman of the committee that we would have to have these first-class facilities anyway. Of course, there are many of them that would not have to be provided, except for the second-class and third-class mail. We certainly should take cognizance of that point. Some persons may argue to the contrary, but I cannot be fooled by such an argument. They cannot persuade me that that is so.

The fact is that these great post office facilities are built really to accommodate, in the last analysis, all classes of mail, and all classes of mail are handled by those facilities. The chairman of the committee says, "Oh, but, on the street corners there are boxes only for first-class mail." That is true, but it does not go to the heart of the matter I am raising.

The fact is that to handle all classes of mail we have to have all the facilities, and they are paid for by the taxpayers, and, for the most part, by the first-class mail users.

I do not propose to vote, as a matter of policy, for a bill that provides:

The costs of other classes of mail and special services (except the fourth-class mail) shall be computed on an incremental or "out-of-pocket" cost basis.

It is only right that we ask the magazines and newspapers to make some contribution to the construction, maintenance, and improvement of all the facilities. That is the question involved. Such a policy statement would state that first-class mail shall pay the whole bill of operating the postal system, charging second- and third-class mail only for the cost of actually delivering that mail, without any relationship whatsoever to the cost of building the facilities which are required for the postal system.

If we establish any such policy, Mr. President, we shall have a very difficult time getting future increases on second- and third-class mail, because this formula will be thrown right back into our faces. Such a provision is not needed in the bill in order to accomplish its purposes. The best that can be said for this language is that it is being sought, to influence the rates on second- and third-class mail which will be adopted in the future by future Congresses. I do not think we should do that. That is not our concern.

As the Senator from Ohio [Mr. LAUSCHÉ] pointed out so very clearly in his colloquy with the Senator from South Carolina [Mr. JOHNSTON], I am against an attempt to make that kind of commitment. It has been said to me, "It is not binding. We cannot bind Congresses in the future. They may ignore it in the future." My reply is, "Why put it in the bill in the first place? Let us keep that language out."

I do not know why the committee wants to leave in the bill language of that type, as a matter of post office policy for the future, when the members of the committee say to a Senator, as he talks to them in conversation, "Well, it is not binding, anyway, and maybe the language is in the bill because it satisfies some member of the committee."

Mr. President, I, as a Senator, have the duty to the people of this country to pass judgment on what is good policy in legislation. I do not think the committee is fair to the Senate when it reports a bill containing language which tries to commit us as to a future policy on rates to be charged on second- and third-class mail.

I think the legislative committee has a legislative problem, as of now, as to what second- and third-class mail shall pay as of now. We have tried to meet the question on that ground. I speak most respectfully to the committee, I have a high regard for the members of the committee, but I think that, as a matter of committee policy, the committee should not bring to the floor of the Senate language which will have effect in futuro in regard to policy, which, of course, cannot in fact be binding, but which, we all know, can be highly persuasive in the future, as a result of the argument of precedent. It could be said that Congress has already gone on record that this shall be the precedential policy.

I say to the committee, respectfully, You ought to take this language out of the bill. It is, in fact, surplusage to legislation that pertains to the present, 1958, problem. The language is surplusage to that problem. Why is it desired to provoke a difference of opinion? There is a marked difference of opinion in the Senate with regard to this matter, as the Senator from Ohio pointed out in his brilliant exchange yesterday with the Senator from South Carolina. Why should we get into a controversy over language which, in fact, is not necessary for inclusion in the bill?

I know what is being said by the gentlemen of the press gallery who have talked to me about it. This is the kind of language the magazine lobby wants. In view of the fact that it is not necessary language to determine what second- and third-class rates shall be, I think the members of the committee, between now and tomorrow morning, ought to get together and agree among themselves that they will delete the language, or at least take the language of my amendment to conference, without getting into a dispute as to what brought about this provision in the first place, where it came from, who proposed it, what testimony was taken on it, or what opportunity opponents had to object to the language of the bill.

Mr. President, that is all I shall say tonight. It at least is enough to point out how some of us feel about the language. I think it will give the committee adequate time, between now and tomorrow morning, to offer to strike the language from the bill.

I sincerely hope the chairman of the committee, the Senator from South Carolina, will himself voluntarily move to delete the language from the bill.

Mr. COOPER. Mr. President, I submit an amendment to H. R. 5836, which I ask to have printed.

The PRESIDING OFFICER. The amendment will be received and printed, and will lie on the table.

During the debate on the postal rate bill,

Mr. MORSE. Mr. President, with the understanding that this interruption will follow the colloquy in which the Senator from Oklahoma and the Senator from Colorado are engaged, I am sure that the Senators wish to join me in extending a courtesy to the Senator from Utah [Mr.

WATKINS], who has an engagement this evening and must leave the Chamber. He has some insertions to make in the RECORD. I should like to extend to him the privilege of the floor at this time, with the understanding that his insertions will follow the discussion now underway and that I shall not lose my right to the floor.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

THE UTAH FHA PROGRAM

Mr. WATKINS. I thank the Senator from Oregon for extending me this courtesy. I have several insertions to make in the RECORD.

Mr. President, the real worth of the Farmers' Home Administration's loan programs is revealed in a letter to me dated February 19, 1957, from Mr. Clarence A. Anderson, Utah FHA director.

Basically, two major impressions are conveyed to any reader of this letter. First, a person who reads this letter cannot help but be impressed by the fact that a public agency can do a great deal to assist owners and operators of small farms, who cannot qualify for credit through private lending agencies. Second, and of vital importance, is the knowledge gained that FHA borrowers are indeed good credit risks. In this connection, I hope that private lending agencies, after reviewing the splendid record made by Utah FHA borrowers, will review their lending eligibility policies and thereafter make a special effort to extend credit to many of these people. Owners and operators of small farms are not necessarily poor credit risks as this so vividly illustrates.

Too often, perhaps, when discussing public agencies and their work, the tone of our remarks are of a critical nature. Seldom do we single out and compliment an agency for doing a good job. Because this letter indicates the great amount of good a public agency can do with limited funds, and because the Utah FHA has done an excellent job, I ask unanimous consent that it be printed in the RECORD.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

UNITED STATES DEPARTMENT
OF AGRICULTURE,

FARMERS' HOME ADMINISTRATION,

Salt Lake City, Utah, February 19, 1958.

Hon. ARTHUR V. WATKINS,
United States Senate.

DEAR SENATOR WATKINS: When I contacted your office in Washington recently Dr. Reed Frischknecht asked me to provide him with a written copy of a report that I discussed briefly with him.

During the period July 1, 1957, to December 31, 1957, this office made 425 loans in Utah and loaned \$2,052,300. This corresponds with 365 loans made during the same period in 1956 in the amount of \$1,755,975. During the same period, July 1 through December 31, 1957, 132 loans have been paid in full.

We have in our State 1,631 active unduplicated borrowers. Initial loans in 1957 averaged about \$5,200, while in 1950 it was about \$3,500. Eight-nine percent of our loans have been made to full-time farmers and about 11 percent to part-time farmers.

On December 31, 1957, our operating loan delinquency on number of borrowers shows a 29.8 percent delinquency. This corresponds with a 45-percent delinquency for all the Western States. On the same basis, our soil and water individual loans have a delinquency of 9.5 percent, and the average for the Western States is 17 percent.

Our 51 soil and water association loans show a delinquency of 2 percent, while in the Western States it is 7 percent. On our 399 farm ownership loans we have a delinquency of 9.5 percent, while it is 18 percent for the Western States as a whole. On this type of loan in 1954 the borrower delinquency was 37 percent. We have 276 farm housing loans, with a delinquency of 6.5 percent. The Western States' average is 7 percent.

Our Utah loans, compared with the national picture, look good. Delinquency has consistently been cut in Utah. While we are loaning about three million dollars annually, we are receiving very near this same figure in repayments.

Utah was just recently allotted \$200,000 additional money for operating loans. This should enable us to finish out this fiscal year in good shape with regard to operating loans.

It is my opinion that this program in Utah is surely fulfilling a need for the farmers, and at the same time is costing the Government very little for its operation. Our interest rate is 4½ percent on all real-estate loans, and 5 percent on operating loans.

Sincerely yours,

CLARENCE A. ANDERSON,
State Director.

EZRA TAFT BENSON

Mr. WATKINS. Mr. President, the growing stature of Ezra Taft Benson in his services as Secretary of Agriculture is daily becoming more evident. We do not have merely the increasing marks of confidence of the President in his abilities and integrity, but also a growing sentiment throughout the country as expressed in the Nation's press.

Oftentimes I have felt that attacks against a Secretary of Agriculture are more properly attacks that should be made against agricultural legislation. He is but the administrator of a policy that was originally enacted by Congress. In Congress then lies with us the means to correct the legislation—to amend it, add new, as the changing needs of the times would seem to indicate.

If we have good, sound agricultural policy, then we can easily urge or defend it at home.

If we have not, then no Secretary of Agriculture however able can basically provide the cure. That lies with the Congress.

Another thing, let us remember that the policy that Secretary Benson is defending is the policy of the President of the United States. Why then is it that the attackers of Secretary Benson do not attack the President, on his policy? Is it that they lack the moral and political courage to do so? If they are against the policy, why criticize Benson; why not criticize the President?

Mr. President, I ask unanimous consent to have printed in the RECORD as a part of my remarks some press comments on this situation.

First I ask unanimous consent to have printed in the RECORD an editorial en-

titled "Mr. Benson's Courage and Integrity," published in the Salt Lake Tribune of February 23, 1958.

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

MR. BENSON'S COURAGE AND INTEGRITY

Secretary Benson's meeting with a group of House Republicans reminds us of Rudyard Kipling's lines:

"If you can keep your head when those about you are losing theirs and blaming it on you."

Mr. Benson certainly kept his head. But the same cannot be said of his Republican visitors who blamed many of their party's supposed ills on him.

A political revolt is sweeping the farm States (last week the GOP barely managed to hold on to a House seat in Minnesota which has been in its control since 1893) and frightened politicians are positive that the Benson farm program is responsible. One Congressman said after the meeting with the Secretary that if Mr. Benson remains in the Cabinet it will cost the Republicans 20 to 25 House seats in the Middle West next November.

This puts the "Benson must go" campaign in proper perspective. It is not a matter of right or wrong but of pure political expediency.

Mr. Benson, to his great credit, does not believe in expediency.

He said he is convinced that the American people want programs based on sound principles in agriculture and that he will continue to fight for what he believes is right. Then he added that concern for political fortunes of individuals cannot transcend the very function of government, which is to protect and to help its citizens.

Those are refreshing words, especially in an era when almost anything goes if it will catch a few votes or make a profit. We only wish that more men in public life had Mr. Benson's courage and integrity.

Mr. Benson will not resign and it seems highly unlikely that President Eisenhower will ask him to do so. For the Benson farm program, about which such a fuss is being raised, is in reality the Eisenhower-Benson farm program. Thus, if the President were to throw his Secretary of Agriculture to the wolves, he would, in effect, be repudiating himself.

The Republican Congressmen who called on Mr. Benson didn't ask him to resign. That demand developed later. Moreover, not all of the Congressmen were of the same mind. One of them, Representative Judd, of Minnesota, said that personally, he believes the Secretary is right. But the Benson program is designed for the long-range benefit of agriculture, and perhaps Mr. Judd—and others—are more interested in short-term results, namely the coming congressional election.

There is nothing new about the Benson farm program. It has been in effect for 4 years and it was authorized by Congress.

Nor has there ever been any doubt as to where Secretary Benson stood or what he intended to do.

He has spoken frankly time and again. He spoke frankly and to the point last week.

We recommend that his congressional critics take a good look at his statement on the political fortunes of individuals versus the function of government.

Mr. Benson doesn't have any patent on integrity—that virtue is open to anyone, in Congress or out.

Mr. WATKINS. Mr. President, I ask unanimous consent, also, to have printed in the RECORD at this point an editorial entitled "Keep Benson," published in the New York Herald Tribune of February 22, 1958.

Digest of CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF BUDGET AND FINANCE
(For Department Staff Only)

Issued March 3, 1958
For actions of February 28, 1958
85th-2d, No. 32

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HIGHLIGHTS: Senate passed postal rates and pay bills. Sen. Wiley urged increases in meat inspection budget. Sens. Thye and Eastland introduced and Sen. Thye discussed bills to establish price support levels for tung nuts and honey.

SENATE

1. PAY RAISE. Passed with amendments S. 734, to revise the compensation schedules of the Classification Act of 1949, adopting the recent committee substitute as the basis for amendment. pp. 2741-50

Agreed to the following amendments:

By Sen. Johnston to change the effective date from Oct. 1, 1957, to Jan. 1, 1958 (p. 2745)

By Sen. Carlson, to eliminate the limitation on Government employment to 2,150,000 workers (pp. 2746-8), with a remark by Sen. Humphrey that the number of USDA employees has been increased (p. 2748)

By Sen. Stennis, stating that the sense of Congress on appropriations for extension work and State agricultural experiment stations was that the 1959 budget should provide additional amounts for salary increases equivalent to those given to Federal works in this bill (pp. 2737-8, 2748-9).

2. POSTAL RATES. Passed with amendments H. R. 5836, to readjust postal rates. pp. 2698-2741

Agreed to an amendment by Sen. Morse, to strike out the policy provision tying the costs of second and third class service to actual incremental costs (pp. 2698-2703).

Rejected an amendment by Sen. Johnston, to add the classified pay bill (pp. 2731-41).

3. FOREIGN TRADE; SURPLUS COMMODITIES. As reported by the Agriculture and Forestry Committee (see Digest 30), S. 3039, to extend Public Law 480, contains the following provisions: extends title I (sales of surplus commodities for foreign currencies) and title II (famine relief) for one year until June 30, 1959; increases title I authority by \$2 billion, with a proviso that not more than a half-billion dollars of the increase shall be available for commitments in the remainder of the current fiscal year, and at least \$1.5 billion of the increase shall be available for commitments in the fiscal year ending June 30, 1959; and provides that extra long staple cotton shall be made available for sale under title I in the same manner as upland cotton or any other surplus commodity, and no discriminatory or other conditions shall be imposed which will prevent or tend to interfere with its sale or availability for sale under the act.

The Committee report contains the following statement:

"The committee would like to reiterate that recommendation at this time and urge the Bureau of the Budget, the Department of Agriculture, and other agencies, in their accounts and statements dealing with price-support program costs, to make a clear differentiation between those costs which may properly be charged to price supports and those which may properly be charged to another purpose. Thus, in the case of donations under title II of Public Law 480 for famine relief, the market value of the commodities donated, as well as the expense involved in making the donation, should be charged to famine or other relief and should not be described as an expense "primarily" for price support. Similarly, cash transfers to the armed services or to schools to supplement the diets of the services and of school children and the market value of commodities donated for domestic relief, food donated to unemployed, service diet supplements, or other purposes should be clearly shown for what they are."

4. MEAT INSPECTION. Sen. Wiley requested additional funds and personnel for the meat inspection service of the Department, and inserted a statement, "An Appeal To Save the Meat Inspection Program." p. 2691
5. DAIRY PRICE SUPPORTS. Sen. Proxmire spoke in opposition to a reduction in dairy price supports, and inserted several communications he had received on the matter. pp. 2689-90
Sen. Humphrey inserted two resolutions and a letter he had received opposing a reduction in dairy price supports. pp. 2773-74
6. FOOD ADDITIVES. Sen. Wiley inserted a letter from the Wisc. Federation of Women's Clubs favoring legislation for stricter regulation of the use of chemical additives in food. p. 2691
7. LABOR STANDARDS. Sen. Murray urged extension of the Fair Labor Standards Act to additional groups of employees, including workers in retail and agricultural processing industries. p. 2690

message concerning the military phase of the operation are impressive. Here he points out the effect American encouragement and contribution has had in inducing major self-help by other nations associated with the United States in free world defense. These, he declares, "have spent over five times as much as we have expended on military assistance."

Moreover, their cooperation has supplied forward bases for military purposes and has laid an essential industrial foundation for support of their own military forces. But outside the military area is the field of technical assistance and economic development to help governments meet the legitimate demand of peoples in less developed countries for education and improved material standards of living. In this field, too, a tremendous volume of self-help is induced as local labor and resources are added to a modicum of dollar investment.

But Americans cannot afford to look at the question of self-help entirely from one end of the program. Americans, too, are mightily helping themselves by the contributions they have made and in all likelihood will continue to make to the mutual security program. They are buying defense more economically through pooling of resources than any nation could buy it alone. They are creating markets for their products, opportunities for investment, and sources of raw materials. They are countering the attractions of Communist ideology by helping people to find they can defeat poverty without surrendering freedom.

The more successfully that is done, the less of a threat communism will become, until men can fix their attention not merely on security but on richer goals of human living. That will give a worldwide meaning to self-help.

[From the Boston Herald of
February 21, 1958]

WE CAN AFFORD MUTUAL SECURITY

There may be good arguments against the President's mutual-security program. But the one Congress is paying most attention to at the moment makes no sense at all.

That is that foreign aid is too expensive a luxury so long as we face economic problems at home; in short, that we are too poor.

If, as the President says, mutual security is essential both to our military defense and to our success in the cold war, we can't afford not to spend the money.

"No one would seriously argue," he told Congress Wednesday, "that funds for our own military forces should be denied until desirable civilian projects had been provided for. Yet our expenditures for mutual security are fully as important to our national defense as expenditures for our own forces, and dollar for dollar buy us more in security."

In fact, we can afford the \$3.9 billion the President has asked for and much more if the situation demands it.

The Soviet Union awoke to the importance of foreign aid in the shakeup following Stalin's death. Since mid-1955 Russia and her satellites have spent an estimated \$1.9 billion on aid to less developed countries, of which only \$400 million was in arms aid. During this same period United States aid to the same group of countries totaled only \$1 billion, including \$100 million for arms aid.

Is the Soviet bloc so rich it can afford to rush in where we hold back? The figures do not support such a view.

The Soviet bloc has a combined national product of \$235 billion, increasing at a rate of 5 percent a year. But the United States alone, not counting its allies, has a national product of the order of \$400 billion, increasing at the rate of \$12 billion a year (3 percent).

The United States produces 523 million tons of coal a year to the U. S. S. R.'s 509 million. It pumps 2.5 billion barrels of oil to the Soviet's 685 million. Its steel production is 113 million tons to the Reds' 56 million. Its electric power production is 725 billion kilowatt-hours to their 210 billion.

We should not be complacent about our relative wealth, because the Communist countries are catching up fast. But we should be realistic. If the Reds can afford sputniks and missiles, and foreign aid, too, we can afford them. We have the resources to sustain whatever defense and foreign-policy measures our situation demands.

The President's foreign-aid program may be overgenerous (though this paper doesn't think so). The money might be spent more profitably somewhere else—on new roads or new schools or new flood-control projects (though the President's allocation makes sense to us). But the money is available. We can raise it if we want. Let no one say we can't.

[From the Boston Traveler of February 21,
1958]

INVESTING IN SECURITY

There's certain to be a fight in Congress when debate gets going on President Eisenhower's \$3.9-billion foreign-aid program.

Fortunately, though, some of the most influential leaders in both parties are behind the President on this one and are ready to battle for its survival.

They see the program for what it is—our most effective way of replying to the Soviet challenge in the overall cold war.

The Soviets would rather win world domination through economic warfare than through military combat. Economic warfare is less costly, less cumbersome, less apt to create international enmities, and less trouble to clean up after victory is won. Knowing this, the Soviets are pouring tremendous amounts of money and effort into a foreign-aid program of their own.

We must meet that challenge or accept the ugly alternatives mentioned by the President. These would include the dislocation of free-world power, the crumbling of our overseas positions, a new and massive boost in our defense budget, a big increase in draft calls, and eventually an island America in a sea of international communism.

It would cost us a lot more than \$3.9 billion to keep going under such handicaps. It would cost us also many of our cherished freedoms.

On the other hand, by accepting the fact that foreign aid means mutual security for our own and other free nations we would be placing the problem in its correct perspective.

Foreign aid is not a giveaway carnival. It is a carefully planned cooperative program whereby we work with other nations to strengthen our military and economic defenses.

It has worked successfully for 10 years. It has greatly diminished the Soviet threat. It's the best investment we can make toward free-world security.

NEW ENGLAND IN MAJOR ROLE IN WORLD FAIR AT BRUSSELS

Mr. SALTONSTALL. Mr. President, I ask unanimous consent to have printed in the Record an article by Juan Cameron, entitled "New England in Major Role in World Fair at Brussels," which appeared in the Boston Sunday Herald on February 23, 1958. It makes me very proud to realize that Massachusetts and her sister States in New England will be making a significant contribution to the

American exhibits at this important international event.

The only sour note in the article is mention of the fact that the United States exhibits will have to shut down 3 hours earlier each evening than the nearby Russian exposition unless Congress appropriates additional money for our country's fair budget. I hope my colleagues will agree with me that we should all endeavor to see to it that the American exhibit will not suffer in comparison with the Russian exhibit due to the Congress' failure to provide adequate funds.

The fair is to run from April to October, and is expected to attract 35 million visitors from all over the world, many millions of whom it can be expected do not have the opportunity to visit in this country. It would be a clear example of penny-wise pound-foolish economy for the American exhibits to be outdone by the Russian in the eyes of people who attend the fair.

There being no objection, the article was ordered to be printed in the Record, as follows:

NEW ENGLAND IN MAJOR ROLE IN WORLD FAIR AT BRUSSELS

(By Juan Cameron)

From pavilion site to rooftop, United States exhibits at the Brussels World Fair, opening this spring, will bear a Yankee stamp.

A New Hampshire company, Kalwall Corp., built the plastic roof, 341 feet in diameter, that will crown the \$5 million United States pavilion. Built in Manchester, the roof was flown in sections to Belgium.

EXPECT 25 MILLION

The entire theme of the United States exhibit was plotted by a 15-man group drawn mainly from the Massachusetts Institute of Technology.

And United States grand hostess to the 25 million visitors expected to visit this country's exhibit will be Mrs. Charles P. Howard, of Reading. Mrs. Howard, wife of the former Massachusetts bank commissioner, left here recently to take up her duties in Brussels as United States deputy commissioner general to the international exposition.

The Brussels universal and international exposition in which more than 50 nations will participate is the first of its kind since the New York World Fair in 1939.

Staged on 500 acres of Heysel Park, near Brussels, the world fair will bring together the best of material and culture that nations from Chile to China have evolved in 2,000 years of civilization.

An estimated 35 million visitors will visit the Brussels fairgrounds between April and October to hear and watch the world's leading orchestras, opera singers, ballet dancers, and dramatic players.

MANY CULTURES

In addition the 50 nations will put on film festivals, folklore processions, plus exhibits of autos, hi-fi's, and clothes designed by the world's leading fashion designers.

Although planned to show the development of American, European, African, and Asiatic cultures, the fair will inevitably be a propaganda battleground between East and West.

Heightening this battle is the location of the 6½-acre United States exhibit site situated between that of the Soviet Union and the Holy See. This site was chosen by Roy F. Williams, Associated Industries of Massachusetts executive head, while he was head

of the United States Department of Commerce's international trade-fair program in 1955.

Propaganda-wise Russians have announced a sputnik model will be operating in their exhibit. And in another move to show their scientific superiority, they will bring in "space dogs" used in rocket experiments.

Americans will base their exhibit, following the MIT plan, on a display showing how this Nation and its people are restless, dynamic, changing, and possessed of a tremendous creative and scientific talent.

At the moment, however, a tightfisted Congress threatens to dilute the effectiveness of the United States Brussels show.

A House Appropriation Subcommittee, under Brooklyn Democrat Representative JOHN J. ROONEY, has refused to appropriate \$2 million additional funds to the United States \$12.8 million fair budget.

Unless the extra funds are voted, fair officials say, the American pavilion and exhibits will shut down at 7 p. m. each day, while the neighboring Soviet exposition hall will operate until 10 p. m.

The darkened hall beside the Russian brightly lit building each night will put the United States in a tragic spot, publicity-conscious officials say.

Congressional parsimony, United States aids say, has been responsible for the prior cuts in the fair budget from a requested \$15 million to \$12.8 million.

FORTY-TWO NEW ENGLAND COMPANIES

Despite the shortage of funds at present, New Englanders will have a large part in projecting the picture of America.

James S. Plaut, former director of Boston's Institute of Contemporary Art, has charge of all cultural, architectural, and design details for the United States exhibit. Like Mrs. Howard, he is a deputy commissioner general.

The Boston institute, under Plaut's direction, has put together an exhibit of 150 objects from lawnmowers, plastic boats, and time clocks to land cameras.

Contributing to this exhibit and others in the United States pavilion and hall of international science, are 42 New England companies, including 22 from Massachusetts.

While the Brussels fair is not a trade show, these companies will contribute to industrial design exhibits to illustrate how the Nation lives.

Included among the industrial design exhibitors are Polaroid, Kendall, and Savage Arms from Massachusetts; United States Rubber and American Luggage from Rhode Island; Fuller Brush, Stanley Works, and Superior Electric from Connecticut.

In a crafts exhibit, 12 showings will be by New England artists. Six will come from New Hampshire and five from Connecticut.

Among the craft exhibitors will be James McKinnell, of Deerfield, a worker in stone-ware and enamels, and Robert J. King, of Newburyport, a silversmith. From New Hampshire will be Karl Brefut, of Thornton, an enamel worker.

New Englanders in the aggregate also have a role in the film America—the Land and the People, designed to show fair visitors how this Nation lives, works, and plays.

In a full-color wide-screen production the film will illustrate the region's colonial houses, tall chimneys, stone walls, old church spires—what the film writers call New England of Robert Frost and Edward MacDowell.

Another continuously running repeater film for European and visitors from the rest of the world will show Vermont farms, New England churchgoers; a Cape Cod saltbox house; Concord street scene in Cambridge and the Slade Spice factory in Boston.

In addition to cultural exhibits, there will be a number of scientific exhibits in which high voltage engineering and Sylvania Electric Products scientists will demonstrate

the scientific and engineering prowess of the United States.

The PRESIDING OFFICER. Is there further morning business?

If not, morning business is closed.

READJUSTMENT OF POSTAL RATES

Mr. MANSFIELD. Mr. President, I ask that the unfinished business be laid before the Senate.

The PRESIDING OFFICER. Is there objection? If not, the Chair lays before the Senate the unfinished business.

The Senate resumed the consideration of the bill (H. R. 5836) to readjust postal rates and to establish a congressional policy for the determination of postal rates and for other purposes.

Mr. MORSE obtained the floor.

Mr. JOHNSON of Texas. Mr. President, will the Senator from Oregon yield to me, in order that I may suggest the absence of a quorum?

Mr. MORSE. I yield.

Mr. JOHNSON of Texas. Mr. President I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The Chief Clerk proceeded to call the roll.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER (Mr. TALMADGE in the chair). Without objection, it is so ordered.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Oregon [Mr. MORSE] to strike out lines 15 through 25 on page 26 of the bill, and to renumber the following subsections. The clerk will read the language proposed to be stricken out.

The Chief Clerk read as follows:

(2) The collection; transportation, and delivery of first-class mail is the primary function of the postal establishment. The cost of first-class mail shall be (A) the entire amount of the expenses allocated to first-class mail in the manner provided by this title plus (B) an amount determined to be the fair value of all extraordinary and preferential services, specially designed facilities, and other factors relating thereto. The costs of other classes of mail and special services (except the fourth-class mail) shall be computed on an incremental or "out of pocket" cost basis.

Mr. MORSE. Mr. President, I should like to have the attention particularly of the chairman of the committee, the Senator from South Carolina [Mr. JOHNSTON], the ranking minority member of the committee, the Senator from Kansas [Mr. CARLSON], my colleague, the junior Senator from Oregon [Mr. NEUBERGER], the Senator from Wisconsin [Mr. PROXMIER], and also the Senator from Ohio [Mr. LAUSCHE], who really raised this question, I think in an unanswerable form, last Wednesday.

Mr. CARLSON. Mr. President, will the Senator yield?

Mr. MORSE. I yield.

Mr. CARLSON. If my colleague will recall, last evening I said if he would wait until this morning we would have more Senators present on the floor than we had last night.

Mr. MORSE. I am sure the Senator can count. The Senator may have been right in his estimate, by a count of 1 or 2 Senators.

Mr. President, I am disturbed about the entire section 103. I am not so sure that my amendment should not seek to strike the entire section. If in the course of the discussion today that seems to be deemed proper, I may ask for permission to perfect my amendment to that end.

I wish to speak first to the matter of policy, from a legislative standpoint, of including in legislation of this type a declaration of policy. I consider it surplusage; but, as surplusage so frequently is, it will be a great source of future trouble, I think, in the handling of postal legislation.

I believe that if this language is left in the bill, I have the right to ask the question, What is the purpose of leaving it in? The purpose must necessarily be, it seems to me, an attempt to exercise some influence in the future as to post office policy. There are so many questions raised by this language which will have to be applied to unforeseen conditions of the future that from the standpoint of the art of legislation I believe the language to be undesirable.

A suggestion was called to my attention by members of the press gallery who, I think, presented some unanswerable arguments against including the language which I seek to strike from the bill. They said, "You can be sure the magazine lobby would love to have the language remain in the bill," because it would place the magazine lobby in the position of saying in the future, "Ah, but the 85th Congress committed itself to a policy." We all know the precedential value of such an argument. Yes; it could be pointed out that the Senator from South Carolina said, in his colloquy with the Senator from Ohio, that we cannot bind future Congresses, and that future Congresses always have the right to adopt whatever ratemaking policy they desire. We all know that; but we also know what happens so often in the legislative process when someone can say, "But in 1958 the Congress of the United States said this shall be the Post Office policy, by way of a declaration of policy set forth in section 103 of the act of 1958."

Mr. President, I speak to the general proposition first, namely, that from the standpoint of legislative art, this provision is very inartistic. It is not good legislative form. All of section 103 can be deleted from the bill, and not one iota of it will be changed. If that is not so, then what the Senator from South Carolina said last Wednesday afternoon falls to the ground.

The provision either is going to have some legislative binding effect or it is not. If it does have some legislative binding effect, then the chairman of the committee and those members of the committee supporting the provision had better stand up and tell us what the legislative binding effect is. If the provision does not have such an effect, then it is surplusage, or, as I said last night in debate, it is a stump speech written into the bill. I am against including in bills what might be considered stump speeches.

Mr. President, I think this provision should be stricken from the bill. As I believe I have demonstrated many times, I am willing to make such progress as I can by way of a reasonable compromise. If we can remove from the bill the particular language on page 26, which starts on line 15 and runs through line 25, I shall be satisfied. I shall accept that, at least, because those lines contain the really dangerous language.

I agree with the Senator from Ohio [Mr. LAUSCHE] that on page 30 of the bill, starting on line 16 and running through line 18, involves a question which ought to call for an independent amendment. I do not think that matter should be handled in connection with the question I raise by presenting my amendment.

The Senator from Ohio brought out very clearly in the colloquy Wednesday the need for some modification of that language. I do not take the position that in the so-called star route system and rural free delivery the Post Office Department should be making deliveries of the second- and third-class material for the benefit of magazines such as *Life*, *News Week* and similar publications, without the publishers making a contribution to the operation of the star routes.

Mr. LAUSCHE. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Oregon yield to the Senator from Ohio?

Mr. MORSE. I yield to the Senator from Ohio.

Mr. LAUSCHE. It strikes me that if the section is allowed to remain in the bill, it will fix as a policy certain concessions which are now being made, and which even now are doubtful, but which in the future, when the conditions may change, would perhaps be of indefensible validity.

I subscribe to the thoughts expressed by the Senator from Oregon, that it is a dangerous practice for the present Congress to declare a policy which will have to be followed in the future—not mandatorily, of course, but the very fact that we declare a policy will have a strong influence against the making of changes which in the future may be thoroughly justified.

The Senator from Oregon has probably given this matter more study than I, because it was developed a few days ago, and the Senator has since had a chance to consider it.

Referring to subsection (2) on page 26, the one the Senator from Oregon asks be stricken, I find that the Senate version of the bill has added specifically this language in the sentence beginning on line 22:

The costs of other classes of mail and special services (except the fourth-class mail) shall be computed on an incremental or "out-of-pocket" cost basis.

On the day before yesterday we had difficulty in ascertaining the meaning of that provision.

As I understand, the Senator from Oregon [Mr. MORSE] and the Senator from South Carolina [Mr. JOHNSTON] are familiar with the fact that in the report on House bill 5386, page 4, this

language appears in the second full paragraph:

The committee believes that the subsidiary classes should be priced on an incremental or "out-of-pocket" cost basis. ("Out-of-pocket" costs are those expenses incurred directly in handling a certain class of mail, and which would not be incurred if the additional service were not rendered.)

I think the last clause is loaded with dynamite. In the future the Post Office Department would have to prove, in assessing costs against other classes of mail, that the costs which were sought to be assessed were incurred newly and completely separate from those services which had to be generally rendered.

May I ask the Senator if I am correct in the understanding that the only time the Post Office Department would be able to assess out-of-pocket costs would be when it could prove that added services had to be provided for a specific type of mail?

Mr. MORSE. That is my interpretation. However, let me say to my friend from Ohio that if the committee denies it, that proves our case. That is, if the members of the committee deny such interpretation, then they have to admit that they are including language in the bill which is going to be the source of serious altercation and trouble in the future, because we can be pretty sure that under this language the magazines are going to take exactly the position which the Senator from Ohio is stating. The result will be that they will be entrenched in a right to continue to maintain the kind of subsidy they desire to retain.

Who among us can say what our position should be 1 year, 10 years, or 20 years from now, as to what the rates ought to be in respect to second-class mail?

I do not think the language is fair to the magazine publishers. Let me point out that this language works both ways. I do not think it is fair to the publishers of magazines to use language of policy in a bill which tends to give the publishers the impression they can count on costs based upon a particular interpretation of out-of-pocket costs, and 5, 10, or 15 years later, change the policy. They will say, "Listen, we built up our businesses on the basis that we thought this was the policy. We have made investments on that basis. Now you change the rules of the game on us."

I repeat, provision in the bill is not needed anyway; so why include it?

Mr. LAUSCHE. Let me ask a further question concerning the correctness of my understanding. Again referring to the language in the bill, on page 26, the last sentence of subsection (2) reads:

The costs of other classes of mail and special services—

Which would mean second- and third-class mail—

shall be computed on an incremental or out-of-pocket cost basis.

If instead of using the words "shall be computed on an incremental or out-of-pocket cost basis" the definition which the committee gave of the out-of-pocket cost basis were used, the sentence would then read that—

The costs of other classes of mail and special services shall be borne by first-class mail users except in those instances when services are rendered which would not be incurred if the additional mail were not carried.

A close study of this declaration of policy will indicate that we would forever freeze any privileges granted, and forever freeze any disadvantage which may exist, unless some future Congress should decide to change the policy.

Mr. MORSE. I am glad the Senator from Ohio used the term "freeze." I intended to use it myself in my analysis.

I now wish to emphasize it. If the language has any purpose at all in fixing a policy, it must have the purpose of icing the policy. It must have the purpose of freezing the policy. It must have the purpose of fixing the policy. It must have the purpose of setting the policy. I do not care what word is used to describe it. If this language means anything at all, what the committee is saying to the people of the United States is that "from now on this shall be the policy with regard to the adjustment of costs as between first-class and second-class mail, so far as the Post Office is concerned." I wish to say something about the first sentence to this policy statement in a moment. For the present I shall hear the Senator from Ohio through.

Mr. LAUSCHE. Let us look at page 30, to the paragraph identified by the numeral "(2)." In order to understand that paragraph we must read the first sentence of section 104—

The following shall be considered to be public services for the purposes of this title.

Then certain losses which are to be ascribed to public services are identified. Paragraph No. 2 on page 30 reads as follows:

The loss resulting from the operation of such public welfare postal services as the star route system, rural free delivery, third- and fourth-class post offices.

I should like to know whether I am correct in the understanding that the magazines to which reference was made last night are carried under those services.

Mr. MORSE. Yes; they are carried.

Mr. LAUSCHE. That would mean that when such magazines are carried by either the star route system or rural free delivery, or when they are handled in third- or fourth-class post offices, they are to be considered as public services, and the losses sustained will have to be borne by the taxpayers as a whole.

Mr. MORSE. That is my interpretation; and that will be the contention, if we leave this statement of policy in the bill. We can be pretty sure of that. The result will be to increase the subsidies which the taxpayers as a whole are already paying to *Life*, *Look*, *Time*, *Newsweek*, and the others of them. They ought to pay a larger share of their cost than they would ever pay under this kind of arrangement.

Mr. LAUSCHE. I thank the Senator very much.

Mr. MORSE. Mr. President, I am almost through. I return now to the first

sentence of the language which I propose to strike:

The collection, transportation, and delivery of first-class mail is the primary function of the Postal Establishment.

Why do we say that? We do not need to say that. It is not necessary to say that. Certainly that was almost the only function in the beginning of the history of the postal service. In the early decades there was relatively little second-class mail, and such as there was was not very bulky. But when we come to consider the tons and tons of second- and third-class mail handled each year by the post office, we must take a look at certain other criteria when we deal with the phrase "primary function." Consider the workload. Consider what goes through the post office. Although we might all agree that it is necessary to see to it that first-class mail receives preferential treatment, I am not ready to say that I will accept a policy statement which gives the impression that the primary function of serving the American people, postalwise, is first-class mail, and then move from that interesting premise of the syllogism into the next premise:

The cost of first-class mail shall be (a) the entire amount of the expenses allocated to first-class mail in the manner provided by this title—

And so forth. Therefore anything that is carried over and above that—to come to the conclusion "shall be computed on an incremental or out-of-pocket basis."

I think the danger is in the first premise of the policy statement, in paragraph (2). So I stress the point that we must consider the postal service as a totality. It is a mistake to seek to break it up, as this policy statement seeks to do, so that we can get ourselves into a position to "soak" first-class mail users with the overwhelming part of the cost of serving the postal needs of the people of the United States.

I happen to believe that in due course of time the Senate will adopt an amendment which I offered yesterday, and which was then rejected. I am convinced that in due course of time the American taxpayers will say to Members of Congress, "We are not going to pay such a large subsidy to magazines and newspapers. We are not greatly moved by all the plaintive pleas to the effect that some of them may go out of business if we do not subsidize them."

The American people will eventually say to the Congress of the United States, "In 1958 you did not raise second- and third-class rates high enough." My amendment was rejected, but I shall wait for the reaction of the American people in the years immediately ahead. I am convinced that it will be in support of the principle which I defended on the floor of the Senate yesterday. However, I will not sit here without raising my voice in protest against language which is subject to the interpretation—as the Senator from Ohio has pointed out—that, to all intents and purposes, we are freezing the rates of second- and third-class users so that in the future it will be more difficult for Congress to raise such rates.

I wish to stress the fact that I do not accept a so-called out-of-pocket formula, because if the Post Office did not carry this huge bulk of mail, and if we were to limit mail service to first-class service, Senators can see what would happen. There would be a great shrinkage in the postal facilities themselves.

Let me say to the postal workers of America that they have a tremendous stake in the argument which the senior Senator from Oregon is making on the floor of the Senate today. Let me say to the postal workers, whose legislative representatives are seated in the galleries, and with whom I disagree vehemently with respect to some of the positions they have taken on this bill, that I am raising my voice in protection of the postal employees here today when I protest this language. If we leave this language in the bill, I say to the postal workers that they will find it more difficult in the future to obtain the wage increases which they will need if we allow magazines and newspapers to have their rates frozen, not by way of specific rates, but by way of a legislative policy approach. It will rise to plague the postal workers of the country.

I am moving to strike out this language because I think the postal workers ought to be protected—sometimes against themselves. They have needed such protection in connection with this bill.

Mr. PROXMIRE. Mr. President, will the Senator yield?

Mr. MORSE. I yield.

Mr. PROXMIRE. The Senator from Oregon says that he is convinced that in due course of time the people of America will rise up and recognize that the subsidy which is being paid to the very prosperous publishers is unfair, improper, un-American, and in contradiction of the principles of our free enterprise system. I agree with him. I have talked with other Senators on both sides of the aisle who also agree with him.

I point out to the Senator from Oregon that in due course of time this will not take place if the statement of policy referred to remains in the bill. As the Senator from Oregon and the Senator from Ohio have pointed out, this language would freeze the policy of applying to second- and third-class mail only incremental costs.

I should like to ask any Member of the Senate who is on the floor this morning, on either side of the question, if he can give me any example of a business which would say to one customer, "we will load all of our overhead, as well as our cost of production, on what we sell to you on the product which we sell to you, but to another customer we will sell on the basis of our out-of-pocket cost." A business that did that would not stay in business very long. I do not believe that any business administration expert in the country would approve of that kind of allocation. That certainly is not a good business practice.

I should also like to say to the senior Senator from Oregon that I could not agree with him more completely with regard to the long term tragedy the adoption of this section of the bill would cause to the postal workers. I say that

because it is no secret that there will be an attempt made to tie in with the bill a postal pay increase provision. We heard it on the radio this morning and have read about it in the newspapers for a long time.

Of course I approve of an increase in salary for the postal workers, and we should do everything in our power to give it to them. It is something that they have needed for a long time; they should have received it during the last session of Congress.

If the section of the bill under discussion is left in the bill it will mean that in the future if postal workers want an increase in salary, the request will likely be tied in with a 7-cent stamp or a 10-cent stamp, or something of that kind. That will make it much more difficult for the Congress to enact a pay increase bill.

Two precedents would be established by the proposed language. In the first place, as the Senator from Oregon has pointed out, it would be the third or fourth precedent of a salary increase being tied in with a rate bill.

Furthermore, there is also contained in the bill the statement that in the future only out-of-pocket costs will be related to second- and third-class mail. That leaves only first-class mail to carry the full burden. I should like to underline what the distinguished Senator from Ohio [Mr. LAUSCHE] pointed out so well, that the committee has added to the House bill a sentence which has powerful dynamite in it. It is that "the costs of other classes of mail and special services—except fourth-class mail—shall be computed on an incremental or out-of-pocket cost basis."

That language was not contained in the bill as it passed the House. That is the most dangerous provision of the bill. It contradicts completely good business experience and sound accounting practices.

Mr. LAUSCHE. Mr. President, will the Senator yield?

Mr. MORSE. I yield.

Mr. LAUSCHE. I should like to have it pointed out to me if my understanding is correct or incorrect on this point. As I understand, to the second and other class users of mail other than first class, by the proposed policy, the Federal Government in the future would say: "The only charges we will impose against you are those which are inescapable in the handling of your mail. If at the end of 4 hours our employees complete the carrying of first-class mail and have 4 hours of leisure, and during that time carry your mail, we have no new costs. Therefore, it costs you nothing. You will only pay those costs which we add to our general operating expenses in the delivery of first-class mail."

Mr. PROXMIRE. Absolutely. I should like to point out to the Senator from Ohio and to the Senator from Oregon that the costs of the postal service are tremendous. They include the cost of maintaining the post offices, the cost of constructing post offices, the cost of transportation, the cost of equipment, and the salaries of the employees, who must be in the offices to deliver the first-

class mail anyway. All those costs will be chargeable only to first-class mail and not to second- or third-class mail.

To draw an analogy, it would be as if a person were to travel on the railroad—because the Post Office operates virtually as a railroad operates—and the railroad were to say to him, "We will charge you only the out-of-pocket cost." In that case the charge would be practically nothing.

Mr. LAUSCHE. Unless the railroad had to attach a special car to the train.

Mr. PROXMIRE. Yes; and if he took all his friends along.

Mr. LAUSCHE. Then he would have to pay for the special car.

Mr. PROXMIRE. Exactly.

Mr. MORSE. Mr. President, I should like to have the attention of the chairman of the committee and the attention of the ranking minority member of the committee, and the attention of the other members of the committee, including the Senator from Wisconsin and the Senator from Kentucky. I wish to make a plea this morning when, to use a military term, we are trying to reform our lines. There is no doubt that there have been honest and sincere differences among us on the bill. We still have a great objective to accomplish after we pass the rate bill, and that is to do what we can to protect the salary interests of the postal workers. I say very frankly to the chairman of the committee that there are those of us who find ourselves in a very difficult position from the standpoint of legislative policy, because we do not like combining the two things in one bill. At the same time, if we could get a rate bill—and I say this good-naturedly—with respect to which we would have to hold our noses but still could vote for, in the hope that some corrections will be made in conference which we believe ought to be made, then we could go along.

I believe that is what the eventual fate of the bill will be, because I am confident that Senators will go into conference and walk out with all the bacon. I believe there will be a little compromising among the conferees. If we could at least come to some reasonable agreement on some of these items that disturb those of us who heretofore have been in the minority on some of the issues, we might have a more united front on the other problems which confront us in connection with the postal pay matter.

The Senator from South Carolina cannot question the sincerity of the Senator from Wisconsin [Mr. PROXMIRE], the Senator from Ohio [Mr. LAUSCHE], or the senior Senator from Oregon in our deep concern about the dangerous potentialities of the language which we seek to strike. So I say, with my arms open, and in a plaintive plea, What is offered me, if anything, by way of conference?

Mr. JOHNSTON of South Carolina. If the Senator from Oregon will modify his amendment, and move to strike out what he has been discussing all along, namely, the last sentence of paragraph (2) on page 26, that would get rid of the out-of-pocket costs.

Out-of-pocket costs, as we understood them when the discussions took place

during the hearings, are the costs of some of the functions which are necessary for the handling of first-class mail, but which are not necessary for any other class. For instance, it is necessary for the mail trucks to stop at the boxes placed throughout the city and to pick up the letters deposited there. That is a part of the first-class service.

Second-class mail is not usually deposited in the mailboxes. I say that the out-of-pocket charges should not be assessed against first-class mail. That is our reason for including these provisions in the bill.

But if the Senator from Oregon becomes excited over it, we are willing to try to accommodate him.

Mr. MORSE. I assure the Senator from South Carolina that I am very much excited over it, with my eyes wide open to the future. That is why I am concerned.

The present Presiding Officer of the Senate, the Senator from Georgia [Mr. TALMADGE], and I are enjoying in the cloakrooms a reputation among our colleagues for being David Harums, at times, in fields other than the legislative process.

I thank my colleague from South Carolina. I should be very happy to modify my amendment to conform with the suggestion the Senator from South Carolina has just made, and I now do so.

Mr. President, I modify my amendment by moving to strike out, on page 26, line 22, beginning with the words, "The costs," through line 25, with the understanding that the Senator from South Carolina will take the amendment to conference.

If this opinion is shared by the Senator from Kansas [Mr. CARLSON], the ranking Republican member of the committee, I want him to know that I deeply appreciate his cooperation. This is not the first time he has been willing to cooperate with the senior Senator from Oregon.

Mr. JOHNSTON of South Carolina. I have conferred with all the members of the Committee on Post Office and Civil Service who are on the floor, and they all agree to the proposal.

Mr. CARLSON. Mr. President, I deeply appreciate the action which has just been taken by the senior Senator from Oregon in striking out the last sentence of paragraph (2) on page 26.

I have been listening to the debate. I myself was trying to think of some language which might be inserted in this particular section so as to preserve what the committee wanted to do. We are trying to find some basis for setting aside a certain percentage or a certain dollar sum of money for the public service of the Post Office Department.

I will have to admit—and I say this for the benefit of the chairman and the other members of the committee—that we were forced, so to speak, by pressure from the Senate to report the bill in order that the pay-raise bill might be considered, before we really had a thorough opportunity to study these sections. I say this in fairness to the chairman.

Mr. JOHNSTON of South Carolina. I may say that I had a speaking engage-

ment at home, and I had to have the report read to me over the telephone. I approved it over the telephone. That is how rushed we were in submitting the report.

Mr. CARLSON. I thought the RECORD should be clear on that point. We submitted the report without having made the study which should have been made.

The language of the section contains an important policy statement, as the Senator from Oregon has so well stressed. If the agreement is satisfactory to him, I shall certainly be happy to work on that problem.

Mr. MORSE. It is a satisfactory compromise. As the Senator knows, I preferred to have the whole section stricken; but this is a satisfactory compromise.

Mr. President, I yield the floor by asking that action be taken on my amendment as modified.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Oregon [Mr. MORSE], as modified.

Mr. NEUBERGER. Mr. President, I express my acquiescence in and support of the amendment, as modified, offered by my senior colleague.

If I may have the attention of the ranking minority member of the Committee on Post Office and Civil Service, I may say that I have only commendation for the chairman of the Committee on Post Office and Civil Service and the ranking minority member for their acceptance of the amendment, as modified.

In fairness to the chairman, I think the RECORD should show that not one member of the committee, on either side of the table, to my knowledge, protested the so-called policy statement at the time. If I am not mistaken, every member of the committee, on both sides of the table, acquiesced in the policy statement, at least by silence. This may have been due to the fact that the committee was under heavy pressure, from both sides of the aisle, to report a rate bill, so that it could accompany the postal pay bill, and therefore assure a greater opportunity of acceptance at the White House when the pay bill finally arrives there, as we trust it will do.

Mr. PROXMIRE. Mr. President, will the Senator yield?

Mr. NEUBERGER. I yield.

Mr. PROXMIRE. I am delighted to acknowledge that I was in error, not having had the opportunity to peruse carefully the 49-page bill. I know I should have done so. I am not a member of the subcommittee which is principally responsible for the bill. However, I recognize my mistake and acknowledge the fact that I did not speak up in committee, because I had not had an opportunity to read the bill in its entirety.

I am extremely grateful to the Senator from Oregon [Mr. NEUBERGER] and the Senator from Ohio [Mr. LAUSCHE] for having called this matter to my attention.

Mr. NEUBERGER. It seems to me to be very helpful that a somewhat confusing and ambiguous policy statement has been eliminated from a substantive rate bill. I think this is helpful. I believe every Senator regards it as such.

However, I desire to emphasize one thing, and in this I particularly wish the attention of the Senator from Ohio, because I know he has been concerned about the so-called policy statement. The basic fact still remains that we must not depart heedlessly or cavalierly from the fundamental, underlying policy which has governed the United States postal system throughout its history. That policy is that first-class mail has paid more than its share of the so-called assigned costs. If that be wrong, then there should be extensive hearings, discussion, debate, and analysis before changing the policy. But it should not be changed in the heat of debate, because it might seem somewhat politically helpful or opportunistic to say to the people who mail first-class letters, that they are being charged more than their assigned share of the cost.

I again wish to state for the RECORD, because I think the facts are irrefutable and pertinent, that during the entire history of the post office system, first-class mail has carried more than its share of the assigned costs. I have made a cursory study of the Senate debates, and I can find no very important evidence, if any, that any distinguished Members of this body have challenged that long, historic precedent.

Mr. JOHNSTON of South Carolina. Mr. President, will the Senator yield?

Mr. NEUBERGER. I yield.

Mr. JOHNSTON of South Carolina. The Senator now is arguing for out-of-pocket costs. He is arguing that some costs should be assigned to first class which are assigned to second and third class, because more than 100 percent of the cost is being charged to first-class mail.

Mr. NEUBERGER. I am arguing that we should not, in the heat of a Senate debate, completely upset the whole pattern of operation of the post-office system. If we do, we shall be disrupting the mail service and shall be endangering the pay and welfare of the postal employees. We shall be endangering all the communications which pass through the mails.

I call this to the attention of the distinguished Senator from Ohio, who first mentioned to me his very real and justified fear about some of the inclusions in the policy statement.

This morning I received from the Post Office Department a statement which I should like to read. A few days ago I presented to the Senate the figure for the portion of cost assigned to first-class mail from 1926 to the present time. On that particular day the Post Office Department did not have available for me the figures for the periods prior to 1926. I now have a statement on that matter; it was sent to me by the office of the Postmaster General. The statement is very brief, and I shall read it, as follows:

FIRST-CLASS MAIL COSTS PRIOR TO 1926

While no detailed cost figures are available for the Post Office Department prior to 1926 (the date of installation of cost-ascertainment reports) an analysis of the annual reports of the Postmasters General for the years prior to 1926 indicates conclusively that first-class mail consistently paid an

average of at least 140 percent of its allocated costs exclusive of the charges for the many costly preferential services given first-class mail.

In addition, I repeat that in 1945, when Franklin D. Roosevelt and Harry Truman, respectively, occupied the White House—because that was the year of the unfortunate and tragic death of President Roosevelt—the share of the costs sustained by first-class mail reached 164.7 percent. I believe that was the high-water mark in our history. There is no evidence that Senators, either in committee or on the floor, challenged that or questioned it.

I shall be willing to have the Senate Committee on Post Office and Civil Service hold extensive hearings to determine whether the historic pattern which has governed the postal system since its establishment should be continued.

I do not believe postal policy which has existed for nearly two centuries should be changed in a few hours on the floor of the Senate.

Furthermore, I wish to call the attention of my colleagues to the situation in residential neighborhoods. Probably most of us live in residential neighborhoods. I do, and I assume that the distinguished Senator from Ohio does. It has been pointed out to me by career appointees and officials of the Post Office Department that the very costly and expensive mail collections in residential neighborhoods are, virtually entirely and exclusively, for first-class mail. Second-class and third-class mail and nearly all the parcel post are delivered to the post offices. The postal trucks which we see moving by day and by night, in good weather and in bad, are often primarily for the purpose of picking up the first-class mail. We do not want to change the cost-ascertainment structures, so that the people will have to deliver their first-class mail to the post offices.

In conclusion, I wish to say that I concur completely in the elimination of this vague, ambiguous, and dangerous portion of the policy statement. I think the senior Senator from Oregon [Mr. MORSE] and the junior Senator from Ohio [Mr. LAUSCHE] have rendered a great service in pointing out to us its potential hazards. I have been pleased to join them in voting today on the floor of the Senate in effort to delete it from the bill.

Mr. LAUSCHE. Mr. President, will the Senator from Oregon yield to me?

Mr. NEUBERGER. I am happy to yield.

Mr. LAUSCHE. On yesterday, I stated to the Senator from Oregon that I deeply appreciated his sincerity and good purpose in approaching the solution of the problem which now confronts the Senate. At that time I said that in his presentation he emphasized the bad as much as he did the good. No better tribute can I pay to him for his objectivity.

Mr. NEUBERGER. Mr. President, as always, the Senator from Ohio is very kind.

Mr. PROXMIRE. Mr. President, will the Senator from Oregon yield to me?

Mr. NEUBERGER. I yield.

Mr. PROXMIRE. I desire to say that I agree with the Senator from Ohio that

the Senator from Oregon is a great man, a true liberal, a great asset to the United States, and a great credit to his State.

But, Mr. President, I wish to say to him that I could not disagree with him more on the issue he has just discussed.

I believe it would be a very good thing to have the committee reconsider the statement relating to the primary function of the Post Office Department. I shall not repeat the statements which have been made here in the last few days. I believe my position has been made clear.

Mr. President, I believe it is ridiculous for us to continue something simply because it has been in existence in the past and has been supported by great men such as Franklin D. Roosevelt or Bob La Follette.

Nevertheless, I agree that the Senator from Oregon is completely sincere in the statement he has made. This disagreement is one between two Senators who respect each other, I am sure.

Mr. NEUBERGER. Mr. President, I am sure the Senator from Wisconsin would never take the position that those who have been here in the past have been derelict in not changing the system of the allocation of costs in the Post Office Department.

Mr. PROXMIRE. Mr. President, I shall not attack George Washington, Abraham Lincoln, and other prominent men in our history, of course; but I believe it is ridiculous to have a postal system in which more than 100 percent of the cost of carrying letters is imposed on those who write them. That makes no sense whatever. I do not care who favors it; I believe it is wrong.

Mr. MORSE. Mr. President, will my colleague yield to me?

Mr. NEUBERGER. I yield.

Mr. MORSE. I desire to thank my colleague for his support of this amendment.

I wish to repeat that whatever may be the differences he and I have regarding other matters in connection with the bill, certainly they are sincere and honest differences, not personal ones.

He has demonstrated again that when we are of one mind on a particular matter, we join forces. I wish him to know that I appreciate very much his support of the amendment.

Mr. NEUBERGER. Mr. President, I thank my colleague for his generous remarks and for his courtesy in connection with this debate.

Mr. President, I have been told by career officials of the Post Office Department that, unless first-class mail is assigned these cost ascertainment amounts, which it has traditionally borne, there simply will not be the type of mail collection, the type of mail delivery, and the type of postal personnel we have always had in this country. They have told me that this is not only the practice in the United States, but it is also the practice in virtually all civilized countries which have modern postal systems.

I am sure that the Senator from Wisconsin and I agree that before the present system—whatever may be its merits—is drastically changed, there should be extensive and exhaustive hearings

by the appropriate committees of the Senate and the House of Representatives. I know he will agree as to that.

Mr. PROXMIRE. Mr. President, I certainly agree wholeheartedly. I agree that we should go into this matter very thoroughly. I do not think any policy should be established on the floor of the Senate, or on the floor of the House of Representatives. That is one reason, among many others, why I supported the position taken by the Senator from Oregon, because he objected to the inclusion in the postal rate bill of a statement of policy.

Mr. NEUBERGER. I thank the Senator from Wisconsin.

Mr. President, I yield the floor.

Mr. DIRKSEN. Mr. President, I wish to pay tribute to the Senator from Oregon for bringing up this matter in connection with section 103, and particularly in connection with the subsection on incremental costs.

The phrase "incremental costs" is very mouth filling and very ear filling. I looked up, in Webster's dictionary, the meaning of the word "incremental." I am not sure that even Noah Webster knew just what "incremental" might mean, because in Webster's dictionary we find that word defined, as follows:

Incremental—Of, pertaining to, or resulting from increments, increase, or growth.

Then we find the following definition of the word "increment":

Increment—An increasing, growth in bulk, quantity, number, value, etc.; enlargement, increase.

After that part of the definition, we find the following rather interesting and qualifying statement in that huge, 15-pound book, a copy of which I have in my office:

A slight or imperceptible augmentation.

Mr. President, that is a wonderful definition. If we relate that definition to the language contained in section 103, and particularly to the part of the section relating to first-class mail and the other classes of mail which show out-of-pocket costs "on an incremental basis," we find that that could mean a slight or an imperceptible augmentation in the future. Mr. President, in the days that lie ahead, that language would probably be found to be the greatest plague ever to confront the Post Office Department.

What is "an imperceptible augmentation"? What is "an imperceptible enlargement or an increase"? I do not know.

This whole problem is certainly not new to me. I had my first experience with postal-rate problems in the House of Representatives. I had plenty of it as a member of the Subcommittee on Post Office Appropriations in the House, where I served for a good many years. There came before the committee first one Postmaster General and then another. I remember Jim Farley very well, whom I esteem as a friend. I remember Bob Hannegan, of St. Louis. I remember Jesse Donaldson, of Shelby, Ill., who was in the service 40 years before he became Postmaster General. But always the questions arose whether it was

a business enterprise and what the cost ascertainment figures showed.

I care not how many experts one may consult, he will still come to the conclusion that the Post Office operation is a rather indivisible thing. I doubt very much whether we can obtain the most precise figures to allocate costs to one class of mail or another, in an operation which encompasses \$3 billion, 500,000 workers, 85,000 vehicles, 33,000 post offices, 8,200 branches, and 32,000 rural free delivery routes. It is an operation that really makes General Motors and General Electric and other large companies pale by comparison, even though employee-wise they seem to be pretty large. In the Post Office there is a diversity of operations. I do not know quite how its operations can be divided.

I desire to be pretty careful about any expression of postal policy. In 1951 I served on the Committee on Post Office and Civil Service of the Senate. I believe the distinguished chairman of the committee will agree I had some small part in raising the question concerning the definition of policy by the Congress. Where are we to draw the line? What are we to allocate against the taxpayers—all, or none, or some item in between? If duck stamps are sold by the post offices, how much does that service cost? Frankly, I do not think it costs nearly so much as some of the "eager beavers," who have been testifying on the bill, have stated. How much does it cost to count deer in the Michigan peninsula? Perhaps twenty or thirty or forty thousand dollars; but it certainly does not run into the figure, the Advisory Council embalmed in the very fancy brochure it issued. I read it from start to finish. Then I read the answer by the Post Office Department. Then I read the most recent brochure. Three times I read the article written by the distinguished chairman of the committee, which has published recently. Then I sat down and looked off at the wall. I thought perhaps we had better be a little careful, when we encounter a bit of fancy semanticism like incremental, and we should look out.

My colleagues know that words are amazing things. We know of a book entitled "Words That Won the War," which was written of World War I by George Creel.

There was also one written about words that won the war in World War II. We are constantly operating in the field of etymology, semantics, and words. We are not going to interpret those words. If someone takes exception to their meaning he can go into a court and say to the distinguished gentlemen in black robes, "This is what we think it means." The intent of Congress is one of those fictional things we hear of. I read a decision by one of the circuit courts of appeals not so very long ago, reported in the Harvard Law Review, in which it was stated there is no such thing as intent of Congress. It is a fiction; the words used by Congress mean what they think they mean.

The only reason why I take the floor today, for only a little while, is to make

sure that when learned men in the law refer to the CONGRESSIONAL RECORD and say, "This is what we think Congress meant," we may be extremely certain that they know what the junior Senator from Illinois meant when he voted for the amendment offered by the senior Senator from Oregon.

I am delighted that the phrase is to be deleted from the bill. I do not want a judge to say, "Well, this is what I think Congress meant when they talked about incremental costs," because those costs may start from the day the President affixes his signature to the act. They will be only the little things in the whole load, which in the first instance was assessed as a primary responsibility upon first-class mail. When that is done, I think a disservice is perpetrated upon the people of this country.

So the junior Senator from Illinois wants only to be sure that if learned justices probe congressional intent, there will be no doubt what the junior Senator from Illinois had in mind when he cast his vote of approval for the Morse amendment.

Mr. MORSE. Mr. President, will the Senator yield?

Mr. DIRKSEN. I yield.

Mr. MORSE. I thank the Senator from Illinois for the very fine argument he has made in support of my amendment. I appreciate it very much.

Mr. DIRKSEN. I leave it as I started, and return to the text.

When I encounter a word like "incremental"—and, frankly, this is the first time that word has ever given me trouble in 25 years of legislative experience—if I had no other reason to want its deletion from the bill, it would be simply because my feeble capacity does not encompass all of the juridical implications it might have.

I earnestly hope the amendment of the senior Senator from Oregon will be adopted.

The PRESIDING OFFICER (Mr. HOBLITZELL in the chair). The question is on agreeing to the amendment, as modified, of the Senator from Oregon.

The amendment, as modified, was agreed to.

Mr. JOHNSTON of South Carolina. Mr. President, I have listened to the Senator from Illinois with a great deal of amusement. I have sent to the committee for a copy of the report which the committee, during the 83d Congress, paid almost \$100,000 to have prepared, in which the out-of-pocket theory is the major recommendation. I now have the report in my hand, and I shall read from it. Probably the Senator from Illinois forgot about it when he was speaking a few moments ago, but I find contained in the report the following language:

In order to ascertain a fair cost of secondary products the Nation's top accountants have devised ways of charging to the primary products all the costs necessary to produce and distribute such primary products. It is therefore considered in many cases that the fairest cost of the secondary products should include only the direct or incremental—

The same words—
(sometimes referred to as out-of-pocket) costs necessary to produce and distribute such products.

In all fairness, I think it should be said that was the recommendation of the committee.

Then for the past 2 years the committee worked on the question.

Mr. CARLSON. Mr. President, will the Senator yield?

Mr. JOHNSTON of South Carolina. I yield.

Mr. CARLSON. That was in the 84th Congress.

Mr. JOHNSTON of South Carolina. That is correct. Reference to the cost will be found in the report. That is where the out-of-pocket cost provision comes from. It was put in the bill by the committee, and the committee passed on it and reported the bill to the Senate. So reference was only to things which were not necessary to be done except for second- and third-class mail matter.

As I mentioned a few moments ago, there are many boxes along the street which the mailman must visit. The Post Office Department sends trucks around at various hours to pick up the first-class mail, in order to attempt to get the mail out on the next train. The Post Office Department does not provide that service for second- and third-class mail. Therefore, the out-of-pocket costs should be charged, in that particular instance, to the first-class mail and not the second- and third-class mail. That duty is performed by trucks, and the costs should be charged against first-class mail.

Those are things the two committees found to be true. There were other instances where it was found that certain service was performed for the first-class mail and the first-class mail only. That being so, first-class mail should be charged for it, when the costs for the various classes of mail are allocated among the first, second, third, and fourth classes.

I desired to have clarified the question how it came to be in the bill, and why the language was used by the committee. This was not something thought up overnight, and we have been thinking about it for many, many years.

Mr. COOPER. Mr. President, I call up an amendment which I have proposed to H. R. 5836.

I should like to have the attention of the chairman of the committee, the Senator from South Carolina [Mr. JOHNSTON]. I have discussed this amendment with the distinguished chairman of the Committee on Post Office and Civil Service, and I should like to have it considered.

Mr. JOHNSTON of South Carolina. The Senator may proceed.

The PRESIDING OFFICER. The clerk will state the amendment.

The LEGISLATIVE CLERK. On page 43, between lines 2 and 3, it is proposed to insert the following new section:

BOOKS FOR THE BLIND

SEC. 206. The act entitled "An act to further amend the acts for promoting the circulation of reading matter among the blind," approved October 14, 1941 (55 Stat. 737), is amended by inserting immediately after "for which no subscription fee is charged" a semi-

colon and the following: "books, or pages thereof, in raised characters, whether prepared by hand or printed, which contain no advertisements, when furnished by any person to a blind person without cost to such blind person."

On page 43, line 4, strike out "206" and insert "207."

On page 43, line 14, strike out "207" and insert "208."

On page 44, line 10, strike out "208" and insert "209."

On page 45, line 4, strike out "209" and insert "210."

On page 45, line 10, strike out "210" and insert "211."

On page 45, line 24, strike out "211" and insert "212."

On page 46, line 24, strike out "212" and insert "213."

On page 47, line 1, strike out "and 209" and insert "208, and 210."

On page 47, line 13, strike out "211" and insert "212."

Mr. COOPER. Mr. President, I should like to give a short explanation of the amendment for the RECORD.

If adopted, the amendment would add a new section, on page 43 of the printed bill, between lines 2 and 3, which would be numbered section 206. The sections now in the bill, which would follow my amendment, would be renumbered accordingly.

The new section 206, established by my amendment, would amend Public Law 270, 77th Congress, approved October 14, 1941, which is an act dealing with postal rates, for promoting the circulation of reading matter among the blind. Public Law 270, among other things, permits books, pamphlets, and other reading matter, or sound reproduction records, published in raised print, by hand or printed—for the use of the blind—when sent to blind readers by public institutions for the blind, or public libraries, when returned by blind readers, to be transmitted by United States mail free of postage.

The amendment also provides that magazines, periodicals, and other regularly issued publications or volumes of the Holy Scriptures in raised print can likewise be transmitted to the blind without cost in the mails.

I emphasize that these are nonprofit transactions, where material is furnished without cost to the blind, and under regulations as to weight and other matters prescribed by the Postmaster General.

It will be noted that these exemptions from postal charge—and they are worthy exemptions—apply to literature regularly published, or the stocks in libraries or public institutions.

It has come to my attention that there is another important source of literature for the blind which does not enjoy the exemption. Many volunteer workers print by hand, by means of special typewriters and other mechanisms, books for the blind. I am informed that in many cases, it is through such books that blind persons are able to secure an education—by means of the books, transcribed laboriously into braille, by volunteer workers who unselfishly devote their abilities and time to helping the blind. But when these volunteer workers have pre-

pared the books and send the books through the mail to the blind, they must pay postage. And the postage can be very heavy.

I have one letter which I should like to place in the RECORD. It is from a volunteer worker in my State engaged in transcribing books for a blind person in South Carolina without cost. But the cost of mailing the heavy books to the blind person would approximate \$36. I am sure there are many other illustrations. My amendment would correct this situation, since it provides that "books, or pages thereof, in raised characters, whether prepared by hand or printed, which contains no advertisements, when furnished by any person to a blind person without cost to such blind person," shall be transmitted in the United States mails free of postage.

I know this matter was not considered in the committee. Nevertheless, I hope the amendment will be taken to conference, for I believe it is a comparatively simple matter for the consideration of conferees.

Most important, I feel sure this amendment would stimulate volunteer work for the blind, and its effect would be to bring to the blind additional literature which they want and need for education and for their enjoyment.

Mr. President, I ask unanimous consent that the letter to which I have referred be printed in the RECORD at this point.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

PEWEE VALLEY, KY., October 22, 1957.
Hon. JOHN SHERMAN COOPER,
Senate Office Building,
Washington, D. C.

DEAR SENATOR COOPER: As a volunteer braille transcriber, I have found that there seems to be no provisions made for volunteer workers to send loose braille pages to the blind at a reduced postal rate. Blind people and various institutions have franking privileges and can mail appliances, books, magazines, etc., at a rate of 1 cent per pound or for nothing, according to the contents.

I am, at present, transcribing a college literature book of 1,066 pages for a student in South Carolina. This book will consist of more than 40 braille volumes and the estimated postage will be over \$36, figured at the regular rate of 16 cents per pound. The braille volume itself weighs approximately 3 pounds and must be carefully packed in a heavy corrugated carton so as to avoid crushing or creasing the manuscript pages and indentations. I have found that these packages run upward from 4 pounds per volume.

I am happy to do this volunteer work, but I am wondering if you are aware of the fact that volunteer workers are penalized and, in many instances, the blind recipient is without the necessary desired transcriptions because the volunteer worker lacks the finances, after paying for paper and typewriter, to pay the high rate of postage.

Will you kindly let me hear from you.
Sincerely yours,

Mrs. ANN K. BROECKER.

Mr. JOHNSTON of South Carolina. Mr. President, it is true that the committee did not consider the matter covered by the amendment. The committee had no hearings with regard thereto, and did not discuss the matter whatsoever. I can see, however, some justification for some

such amendment as the Senator from Kentucky has offered.

I invite the attention of Senators to the fact that such an amendment is an expansion, involving a little more of the "free ride," but I am willing to take the amendment to conference and consider it, to see what should be done in regard to it.

Mr. COOPER. I appreciate the statement of the distinguished Senator very much.

Mr. MORTON. Mr. President, will the Senator yield?

Mr. COOPER. I yield.

Mr. MORTON. Speaking for the Republican side of the committee, Mr. President, we are happy to accept the suggestion of the senior Senator from Kentucky to take this amendment to conference. It so happens that the American Printing House for the Blind is located in our State, in Louisville, Ky. I have had a degree of familiarity with many pieces of legislation which have dealt with that organization over the past years.

I appreciate the objectives which the senior Senator from Kentucky is seeking. So far as I can see, his amendment is practical and feasible and in keeping with our past actions on this matter.

Speaking for the Republican side of the committee again, I am happy to accept the amendment offered by the senior Senator from Kentucky.

Mr. COOPER. I thank my colleague.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Kentucky [Mr. COOPER].

The amendment was agreed to.

Mr. CARROLL. Mr. President, I call up for consideration the two amendments to H. R. 5836 designated "2-27-58-C" and "2-27-58-D," which, by unanimous consent previously granted, are to be considered en bloc.

The PRESIDING OFFICER. The clerk will state the amendments.

The LEGISLATIVE CLERK. On page 36, it is proposed to strike out lines 1 through 17, inclusive.

On page 46, line 24, to strike out "(e)" and insert "(d)."

One page 47, line 7, to strike out "(c)" and insert "(b)."

One page 47, line 8, to strike out "(c)" and insert "(b)."

On page 36, line 25, before the quotation marks insert the following:

And except that the minimum postage on each individually addressed copy of news papers or periodicals maintained by and in the interests of religious, educational, scientific, philanthropic, agricultural, labor, veterans', or fraternal organizations or associations; not organized for profit and none of the net income of which inures to the benefit of any private stockholder or individual, shall be one-eighth of 1 cent.

Mr. CARROLL. Mr. President, I ask unanimous consent that the names of the distinguished senior Senator from New Hampshire [Mr. BRIDGES], the distinguished senior Senator from Tennessee [Mr. KEFAUVER], and the distinguished junior Senator from Wisconsin [Mr. PROXMIRE] be added as additional cosponsors of these amendments, which are to be considered en bloc.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Colorado? The Chair hears none, and it is so ordered.

Mr. PROXMIRE. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Without objection, the amendments will be considered en bloc.

Mr. PROXMIRE. Mr. President, will the Senator yield for the purpose of suggesting the absence of a quorum?

Mr. CARROLL. I yield for that purpose with the understanding that I shall retain my right to the floor.

Mr. PROXMIRE. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. PROXMIRE. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

The question is on agreeing en bloc to the amendments offered by the Senator from Colorado [Mr. CARROLL] for himself and other Senators.

Mr. CARROLL. Mr. President, I ask for the yeas and nays.

The yeas and nays were not ordered.

Mr. HUMPHREY. Mr. President, I ask for the yeas and nays.

The yeas and nays were not ordered.

(At this point Mr. CARROLL yielded to Mr. GOLDWATER for the insertion of certain matters in the Appendix, which appear under appropriate headings.)

The PRESIDING OFFICER. The question is on agreeing to the amendments, en bloc, offered by the Senator from Colorado [Mr. CARROLL] on behalf of himself and other Senators.

Mr. CARROLL. Mr. President, I ask for the yeas and nays.

Mr. MONRONEY. Mr. President, I am opposing the amendment, but I also ask for the yeas and nays.

The yeas and nays were ordered.

Mr. KUCHEL. Mr. President, the persistence of the Senator from Colorado has paid off handsomely, and we shall be able to register our votes on his amendment.

Mr. CARROLL. I appreciate the remarks of the distinguished Senator from California. We shall see whether persistence pays off.

Mr. President, this amendment has been thoroughly debated on at least two separate occasions, with the distinguished junior Senator from Oklahoma [Mr. MONRONEY], who opposes it.

The purpose of the amendment is very simple. What I seek to do is to restore to the pending bill certain provisions contained in the House bill. The purpose of the amendment is to restore the law and the postal rules and regulations which have been in existence with respect to religious, scientific, educational, philanthropic, farm, labor, and veterans' groups second-class publications, as well as the publications of fraternal associations.

The law and the rate have applied to them since 1925. Now it is sought in the

Senate to change the rate. The House bill made no change. No hearing in the Senate committee was accorded to those groups, although it is now sought to increase their rate 100 percent.

The RECORD for the past 2 days reveals the comments of the junior Senator from Colorado on this amendment, and the comments of the distinguished junior Senator from Oklahoma. At this time I digress to commend the junior Senator from Oklahoma for his brilliant presentation and his remarks on the bill. They show the results of a great deal of work.

I think he will agree with me, and I believe other members of the committee will agree with me, that this part of the bill has not been extensively considered. The committee has failed to do its homework on this section of the bill. That is evidenced by the colloquies in the RECORD on this subject. There is no need to labor the point.

The purport of the nonprofit publication provisions of the bill has suddenly become known throughout the country. The groups which I have named have within the past 48 hours learned of the effect on them of the new rates. Now they are descending upon Congress and asking why the rates are being changed without providing them a hearing.

Mr. HUMPHREY. Mr. President, will the Senator yield?

Mr. CARROLL. I yield.

Mr. HUMPHREY. First I want to compliment and commend the Senator from Colorado for his initiative in this connection. I am very much pleased to be included as one of the cosponsors of the amendment.

It seems to me that the situation which pertains to the subject matter under discussion at this moment is similar to that which pertained to the provisions relating to limitations on parcel-post weights and sizes. It will be recalled that the limitations on weights and sizes of parcel-post packages were modified in the bill. There were those who said that inadequate testimony had been taken, and that the subject was a separate item, under a separate public law, namely, Public Law 199.

Mr. CARROLL. That is correct.

Mr. HUMPHREY. And that, therefore, the Senate should consider the subject in connection with the provisions of that public law at a later date.

Therefore, the original limitations on weights and sizes of parcel-post packages, as prescribed in Public Law 199, were left intact. This does not necessarily mean that some changes will not be made later, but it means that in this bill, so far as the Senate is concerned, there will be no change in the law.

I recognize that parcel-post service is a subject which relates primarily to commercial transactions, or to shipments of goods and materials which are rarely shipped in connection with charitable activities.

In the present instance the situation relates to publications of civic, veterans, religious, and educational organizations.

There are publications which are nonprofit and publications which are dis-

seminated for the betterment of a community, without regard to any mercenary or profit motive. It appears to me that if we are to alter the rate structure and substantially increase it, such publications should be entitled to a hearing. Such an alteration should be made only after the parties concerned and the institutions involved and the publication affected have had an opportunity to be heard. That opportunity has been denied.

I saw the telegrams which came to my office from veterans groups and church groups and many organizations of a civic nature, to the effect that in connection with the bill under consideration they have never had an opportunity to make their case, relating to the rate structure for publications of a non-profit, educational, philanthropic, and charitable nature.

I say to the Senator from Colorado that we would be doing a distinct disservice to the groups and the individuals affected by a change in the rate structure if we did not at least give them an opportunity to be heard. Furthermore, I cannot believe that Congress wants literally to threaten the very existence of some of these publications by an increase in the rate structure without at least giving the right of free speech and the right of petition to the interested parties.

Therefore I join with the Senator from Colorado in offering the amendment. I add, in conclusion, that the postal service is not merely a business of the Government. The postal service is a public service institution. The postal service does not have as one of its standards the making of a profit.

There is an honest difference of opinion in the Senate, now as in years past, as to whether the postal service ought to be put on a pay-as-you-go basis. When we think of the many community services which are performed by the post offices, and the many public services which are performed by the post offices, such as the rural free delivery, and the aid that is given to publications, so that there may be a dissemination of educational and informative material, I believe it is very doubtful that the postal service ought to be put on a pay-as-you-go or balanced-budget type of operation, in which the revenues taken in from the users are equivalent to the expenses for the operation of the Department. Frankly, the users of the postal service should not be required to subsidize particular services of the postal service. It seems to me that the community as a whole—the whole Nation—if there is to be any subsidy, should assume the responsibility of paying such a subsidy or such a service cost.

On the two principles—first, that no hearings were provided to the affected groups and, second, that the Post Office Department has an obligation to utilize its facilities for the welfare of the American people and the American institutions—I support the amendment which the Senator from Colorado advances. I hope that our colleagues will not vote a postal-rate structure upon publications of churches, veterans, unions, civic clubs, and philanthropic and charitable organizations, which will literally

threaten the very economic existence of those publications. That is what we are about to do unless we are very careful.

Mr. CARROLL. I thank the distinguished junior Senator from Minnesota for his very clear and concise statement of the issues involved in the amendment. As the distinguished Senator from Minnesota has said, we are dealing with a historic pattern. This rate structure has been in existence since 1925. Scientific, philanthropic, religious, and educational institutions are affected; and the rate increase, I am informed, threatens the existence of those groups. Whether or not that is true, at least one point is clear, they are entitled to a hearing. They have not been given that opportunity.

Mr. HUMPHREY. Mr. President, will the Senator yield further?

Mr. CARROLL. I am very happy to yield to the Senator from Minnesota.

Mr. HUMPHREY. Is it not correct to say that the amount of money involved is about \$2 million?

Mr. CARROLL. About \$2 million; yes. That would be the amount of the increase if the provisions I seek to strike remain in the bill.

Mr. HUMPHREY. Yet the increase, if it goes into effect, might very well threaten the existence of certain important scientific, educational, philanthropic, and church publications. We are not dealing with a subsidy of \$250 million or \$600 million. We are dealing with a small amount of money. Yet we are dealing with the very basic principle of American life, the right to be heard by the Government. Secondly, there is involved the principle of utilization of the services and facilities of the Government to promote the industry and the enlightenment, and the scientific progress and the spiritual improvement of the American people.

Mr. CARROLL. I thank the distinguished junior Senator from Minnesota with all fairness to the distinguished Senator from Oklahoma [Mr. MONRONEY], I should like to say that the committee itself did not fully comprehend the effect of the formula. I do not believe the committee itself understood what was involved with reference to these particular groups who have not been afforded the opportunity of a hearing.

Mr. NEUBERGER. Mr. President, will the Senator yield?

Mr. CARROLL. I yield to the distinguished and able junior Senator from Oregon.

Mr. NEUBERGER. I thank the Senator from Colorado. Many issues are before us today, and I shall be very brief. With his characteristic thoroughness, the Senator from Colorado has revealed injustices that would be perpetrated unless the amendments which he has offered for a group of Senators are adopted. As a member of the Committee on Post Office and Civil Service, I trust that my colleagues on the committee will join in accepting the amendments of the Senator from Colorado.

As the Senator from Minnesota has so vividly pointed out, there is only a small sum of money involved. At the same time, the very future of certain religious,

educational, labor, church, eleemosynary, and charitable organizations is at stake, particularly with reference to their ability to reach their members and other people upon whom they depend for financial support.

If I am not mistaken, I believe that the proposed increases concerning the publications of these charitable organizations is one reason that Senators such as the Senator from Colorado and myself voted against the amendment yesterday which would have increased the second-class mail rates. If I am not mistaken—and I do not like to speak for him—some of us feared, knowing of the existence of this clause in the bill, that by increasing the second-class rates we would have imposed still further increases on some of the charitable, church, and school organizations that issue publications which contain some advertising, albeit at extremely low rates.

Mr. CARROLL. The Senator's estimate of yesterday's situation is absolutely correct. Yesterday's amendment to raise second-class rates would have increased the rates to nonprofit publications to an even greater extent than they are now increased by the committee's action.

Mr. NEUBERGER. It would have imposed a further injustice on the religious, charitable, and educational organizations the Senator from Colorado seeks to assist and rescue from this further imposition. I wish to assure the Senator from Colorado of my support and of my hope that a majority of the Senate will see fit to support his thoroughly merited amendments.

Mr. CARROLL. I think the Senator for his helpful explanation. This is a very involved matter. The application of the rates becomes a highly technical matter. The amendments I have presented have been carefully drafted and drawn to do only one thing, and that is to make the Senate bill conform to the provisions as passed by the House. I do not intend to open any new loopholes. I merely wish to have this section of the bill conform with the objectives of the House. It does not mean that the matter will be frozen. It can be changed next year or any time in the future if it is deemed necessary and just. However, the people affected are entitled to a hearing. That is the real issue here. We are legislating without providing the parties concerned a chance to furnish evidence of the effect on them. I thank the junior Senator from Oregon not only for the fine work he has done on the bill, but for his very helpful remarks with reference to my amendments.

Mr. NEUBERGER. The Senator from Colorado is very kind, as usual.

Mr. CARROLL. The distinguished Senator from Oklahoma and I have discussed this subject at length, even as recently as last night. The debate appears in the RECORD. I think our views are sufficiently known. I yield the floor.

Mr. MONRONEY. Mr. President, I must very reluctantly oppose my good friend from our time together as Members of the House, who is now my friend in the Senate, and whose meritorious

measures I have so often been happy to support.

I do not ask any other Member of the Senate to join with me in this fight, because I think that if he does he will be a target of most of the groups which have been enjoying preferential treatment in postal rates for about 50 years.

The Post Office has been carrying as second-class matter the publications of various charitable and other nonprofit organizations. These are "periodicals" published by "religious, educational, scientific, philanthropic, agricultural, labor, veterans' or fraternal organizations or associations, not organized for profit and none of the net income of which inures to the benefit of any private stockholder or individual."

At first blush, one would think that this section covers only some poor little church, a scientific society, or other similar organization.

At this time I wish to correct a statement I made last night. I apologize to my distinguished friend from Colorado for having accused him of also providing the reduced rate to publications of the National Association of Manufacturers, the Rotary Clubs, the United States Chamber of Commerce, and other chambers of commerce. I was not aware that, because of language in a House committee report a few years ago, the low rates are not extended to publications of this type.

But in following up the question, I find that the small organizations, for which my distinguished friend always has very sincere concern, are not the only ones which are included.

The Post Office is carrying such mail for a minimum rate of one-eighth of a cent. The Post Office must pick up such mail, take it to the post offices, and route it to the 48 States of the Union.

It is first handled by clerks, who must put it into the sacks for dispatch. Then it is taken to the railroad station and put on the train. On the train, it is rerouted by the railway mail clerks. It is forwarded to a distant city. It might be sent to Hawaii, Alaska, or California. When it is received at the post office of destination, it is placed on a sorting table. Then it is routed for delivery by either the city carrier or the rural carrier.

Then the heavily burdened postman, whose interests we hope to take care of later in a salary increase, puts it into his sack and carries it up the long walk to Mrs. Jones' house. There he deposits the leaflet.

For all the work which has been done for that organization, the Post Office collects one-eighth of a cent under the minimum rate.

It is true that the bill imposes a 100-percent increase on this mail. A 100-percent increase has been imposed on my church, on the Senator's church, on our charitable organizations, on our educational associations. But the sum total rate after that 100-percent increase comes to one-fourth of a cent. So the Post Office will now deliver these leaflets at the staggering charge of one-fourth of a cent. That is what all the bleeding is about in the Senate today.

Mr. CLARK. Mr. President, will the Senator yield?

Mr. MONRONEY. I yield.

Mr. CLARK. Would the Senator from Oklahoma wish to comment on the suggestion of our good friend from Colorado that there were no hearings on this proposal, and that, therefore, it is a little unfair to increase this rate?

Mr. MONRONEY. The bill affects every single postage rate, in every category of mail the Post Office handles. The Committee on Post Office and Civil Service, over the years, has heard almost every argument that could be made about every one of these classes. It has continued to review the proposition.

Consequently, as we tried to meet the deadline desired by the leadership of both parties because of the deficit of the Post Office Department, and the urgency of the need for a wage increase for the underpaid postal workers, we did rush a little in reporting the bill.

If we agree to the amendment of the Senator from Colorado, we will continue the present one-eighth rate. It will not go to the one-fourth rate. Those of us who have served on the Committee on Post Office and Civil Service, and have sat through many long days of hearings, maintain that the postal service cannot begin to deliver any piece of mail anywhere in the United States for one-eighth of a cent.

Let us consider the cases cited by my distinguished friend from Colorado. Certainly the increase will hit labor publications. The labor publications will have to pay more for publications mailed at a minimum rate. If a publication were heavy enough to go by the bulk rate, the rate would be reduced, under the bill.

Under the bill there is one second-class rate, which is reduced by a specified percentage for religious and educational publications. It will not be difficult to figure out what the rate is, and we believe that this is a businesslike approach.

For charitable organizations and nonprofit organizations there will be a 50-percent discount from the rate for commercial mail. But the minimum rate will still be raised 100 percent, bringing it up from one-eighth to one-fourth of a cent.

I am sure that some organizations may be hurt, and I know some Senators are concerned about this. The Senator from Oregon, the Senator from Minnesota, and other Senators are sincere in this concern. But let me read the names of a few organizations that are enjoying this free ride. I apologize for having incorrectly included the United States Chamber of Commerce and the National Association of Manufacturers.

Mr. CARLSON. Mr. President, will the Senator yield?

Mr. MONRONEY. I yield.

Mr. CARLSON. I appreciate the problem which is confronting the Senate at this time. I was hoping we could take this matter to conference and solve it there. I am not certain we thoroughly understand what we are doing; at least, I have been concerned about it. I realize that there is a 300-percent increase, from one-eighth cent to one-half cent.

I think we might be able to work that out in conference. Therefore, I do not say at this time that I will support the amendment of the Senator from Colorado, because I think it freezes the situation. But I want to be in a position, in conference, to do something about the amendment. If the Senator from Oklahoma will permit me to do so, I wish to read a few paragraphs from a letter I received from Mr. Charles E. Sweet, who is the rate expert for Capper Publications, Inc., Topeka, Kans. He has testified before Senate and House committees for many years. In my opinion, he is one of the best rate experts in the United States. Here are some of the things which disturb me, and about which I am really concerned. He says:

I am writing you in regard to one clause in the postal rate bill which has been reported out by the Senate Post Office and Civil Service Committee.

I should like to have the views of the Senator from Oklahoma on this. I continue:

I refer to the clause which would raise the minimum price per piece to one-half cent on second-class matter. As you know, the minimum is now one-eighth cent; and in the bill passed by the House last year it was raised to one-quarter cent.

Now I must admit that one-half-cent per piece sounds mighty low and reasonable, especially when the main arguments are concerning 3-cent postcards, 5-cent letters, and other increases of 50 percent and 60 percent. But let's examine exactly what it does mean to small-in-size per issue publications.

Then Mr. Sweet mentions Capper publications and other farm newspapers in our section, including those published in Iowa, Nebraska, Missouri, Kansas, Colorado, and Oklahoma. He says:

This number makes it sound "big and prosperous," but, actually, it is 12 or 16 pages per issue, tabloid newspaper size, and printed on newsprint. But the readers love it.

I am referring to the Capper publications—for instance, to Capper's Farmer. We might just as well have the benefit of their figures.

I read further from the letter:

For the year of 1957 its second-class postage was 50 percent above the minimum per piece. If this bill is passed with a one-half-cent minimum, the increase will not be approximately 45 percent to 50 percent, as apparently intended by the pound-rate increase, but will be 170 percent, and that immediately the bill goes into effect.

I wonder whether the Senator from Oklahoma will help me on this point.

Mr. MONRONEY. Capper's Weekly is not published by a nonprofit organization, is it? It is a commercial enterprise.

Mr. CARLSON. That is true.

Mr. MONRONEY. So it is not affected by the amendment of the Senator from Colorado [Mr. CARROLL]. That amendment affects only the so-called nonprofit organizations.

There has also been misinformation regarding the application of the commercial rates. A publication of 5, 6, or 8 pages will be charged, on the advertising matter it carries, according to the schedule included in the bill. I do not believe Capper's Weekly would weigh less than

1 ounce; but, if it did, it would be handled as second-class matter at the one-half-cent rate. Certainly I do not believe any second-class publication should be delivered for less than one-half a cent. We discussed this point yesterday.

Mr. CARLSON. That is true.

Mr. MONRONEY. The proposal we supported was to raise the rate to one-half a cent on commercial publications and one-half of that for nonprofit publications. The Senate can increase the rate on nonprofit publications from one-eighth cent to one-fourth cent by rejecting the Carroll amendment, which would reestablish the free ride voted by the House of Representatives for the publications of charitable, religious, scientific, agricultural, labor, fraternal, and other organizations not organized for profit. The list includes practically all groups except the Rotary Clubs, the United States Chamber of Commerce, and the National Association of Manufacturers, which have been excluded because they were definitely mentioned in a House report.

But the American Bar Association is still receiving a free ride; and so is the American Medical Association—the association of the poor, poor doctors. We are still forcing on them a $\frac{1}{8}$ -cent rate. The teamsters union, which seems to have money enough to do almost everything, would still have the benefit of the $\frac{1}{8}$ -cent rate. So would the following:

American Rifle Association.
The Daughters of the American Revolution.
The Alabama Pythian.
The Athenian.
The Masonic Monthly.
The Alabama Farmer.
The Alabama Business Woman.
The Alabama Sheriffs and Police Journal.
The Insurance Council Journal.
The Southern Medical Journal.
The Alabama Club Woman.
Bulletin of the Albertus Magnus Guild.
Alabama Retail Trade.
Alabama Review.
Land of Cotton.
Air Force Historian.
Alabama Brass.
Bama Postmaster.
Keystone Post Office Clerk.
Alabama Social Welfare.
Alabama White Ribbon.
The Contender.
The Herald.
News & Views.
Anniston Star.
Plainsman.
The Builder.
Bulletin.
Huntress.
Newsletter.
Your News Letter.
Alabama Messenger.
The Southern Union News.
Mountain Messenger.
McCoy Weekly Bulletin.
Royal Service.
Sunbeam Activities.
Childhaven News.
Dauphin Way News.
The Gothic Tower.
Abintonian.

The Canary.

Sweet Charity.

The Sanctuary News.

We simply went through most of those listed under the letter "A"; we did not go further. There are 6,000 in the list.

So we are going to bleed and suffer for these publications; and we are going to say that it would be vicious to charge them a 100 percent increase in their rate, by raising it from one-eighth of a cent to one-quarter of a cent!

Mr. President, the Senate has voted to have a 5-cent rate charged for the users of first-class mail. But this amendment would allow any of this very large group of publications and about 5,950 more to mail 40 copies, to be delivered by the same postman, up the same front walk—40 copies of this sort of stuff—for the rate a housewife would be charged to mail one letter to her son.

Mr. President, I do not think further hearings are needed; I believe the Senate has sufficient intelligence to know what to do in this matter.

If I had my way, I would have raised the rate to 1 cent. But if we adopt this amendment we are bound by the old rate; the rate is frozen at one-eighth of a cent for the publications of all these groups.

We believe the rate should be increased to one-quarter of a cent for the publications of all these groups. When the conference is held, the conferees will have to consider the one-eighth cent rate versus the one-fourth cent rate. Perhaps they will arrive at a compromise of three-sixteenths of a cent. Even so, no doubt we would still hear loud cries by the representatives of the same groups.

No wonder the American Bar Association and the American Medical Association seem to doubt the capacity of Congress to conduct the business of the country, when we have been allowing their publications to be mailed at these ridiculous rates.

Mr. YARBOROUGH. Mr. President will the Senator from Oklahoma yield to me?

The PRESIDING OFFICER (Mr. LAUSCHE in the chair). Does the Senator from Oklahoma yield to the Senator from Texas?

Mr. MONRONEY. I yield.

Mr. YARBOROUGH. Does the Senator from Oklahoma think the resolutions adopted by the American Bar Association are more intelligible and represent a greater degree of intelligence than do the resolutions adopted by the Senate?

Mr. MONRONEY. Unfortunately, I am one of the few Members of the Senate who is not a lawyer. Therefore, I could be considered antilawyer on this particular point.

Mr. President, I have nothing further to say. If the Senate is ready to vote, I suggest the absence of a quorum.

Mr. CARROLL. Mr. President—

Mr. MONRONEY. Mr. President, if the Senator from Colorado wishes me to do so, I shall withdraw my suggestion of the absence of a quorum.

Mr. CARROLL. Mr. President, I shall be very happy to speak to the same

audience the distinguished Senator from Oklahoma has had.

Mr. MONRONEY. I thank my distinguished friend and colleague.

Mr. CARROLL. Mr. President, does the Senator from Oklahoma desire to suggest the absence of a quorum at this time, in order to expedite the action of the Senate on the amendment?

Mr. MONRONEY. That was my purpose. But if the Senator from Colorado desires it, I shall be glad to ask for a quorum call at this time, so as to enlarge the audience. I very rarely draw a large audience in the Senate, but I shall be very glad to have a larger audience to hear the distinguished Senator from Colorado.

Mr. CARROLL. I thank my colleague, but that will not be necessary.

Mr. President, I do not think it will take long to respond to the Senator from Oklahoma. Today, he has taken another path. Yesterday, I was charged with being the champion of the National Association of Manufacturers, the United States Chamber of Commerce, and similar groups. However, I have pointed out that they will not be covered by this law.

But today I am charged with being the champion of all the Alabama nonprofit publications; and now the Senator from Oklahoma has even charged me with being the spokesman for the Canary publication. [Laughter.]

Mr. President, speaking seriously, the distinguished Senator from Oklahoma has put his finger on what I conceive to be a very glaring problem. We have not previously discussed it. The distinguished Senator from Oklahoma is correct in this instance.

Mr. President, do you realize what it costs the Government, what it costs the taxpayers, to have the publications of these religious, scientific, philanthropic, and educational groups handled at such low mailing rates? This subsidy costs the taxpayers \$55 million.

However, Mr. President, do you know what this very eminent committee has voted to do in the case of these publications? It has voted to increase by \$2 million the amount they have been paying. Although it could be argued that they should have been hit with a meat ax, they actually have been hit with a powder puff. [Laughter.]

The bill as it stands actually places an oppressive rate burden on certain small groups of nonprofit publications and might drive them out of existence. The rate increase proposed in the Senate bill would amount in additional revenue to \$2 million, and that is the subject of our debate. That \$2 million increase, when applied to the religious, labor, fraternal, and farm groups—not necessarily the American Bar Association or the medical or dental associations—might drive the publications of those small groups out of existence.

Mr. MORTON. Mr. President, on that point, will the Senator from Colorado yield?

Mr. CARROLL. I shall yield after I complete this statement.

On Wednesday the position of the distinguished junior Senator from Okla-

homa [Mr. MONRONEY] was that, aside from the publications of religious and similar groups, he was opposed to having other publications delivered for one-eighth of a cent. If so, it is proper to infer from his statement that he was in favor of the lower, or present, rate for the publications of the religious, scientific, charitable, and educational groups.

I read now from the statement made by the junior Senator from Oklahoma, as it appears on page 2488 of the CONGRESSIONAL RECORD of February 26:

I cannot reconcile the continued attempt to shift to the general taxpayer the cost of handling publications, aside from religious, scientific, and educational ones.

The junior Senator from Oklahoma has to be consistent in his concept. It is the religious, scientific, and educational publications that we are talking about. We are not talking about any other groups, but the groups that come in a category which has been recognized, under law and under regulation, since 1925.

I thoroughly agree with the distinguished Senator from Oklahoma when he says there has been a lot of free loading.

Furthermore, I gather from the remarks of the distinguished Senator from Oklahoma there is nothing static about the proposal under consideration. The Senator from Oklahoma has said in debate, "We will examine this from year to year." All we ask, in this examination, is that some of the persons who are being affected today by the change in second-class nonprofit rates be given an opportunity to be heard. We have no more information than does the Senator from Oklahoma. I may say the committee has insufficient information on the effect of this section of the bill. I think the distinguished Senator from Kansas put his finger on the problem when he stated that the committee is confused. It is confused because its members do not know the true effect of this section of the bill. They do not know because there were no hearings. I am sure the distinguished Senator from Oklahoma will admit the truth of that statement because this question has never been fully and comprehensively considered by the committee itself.

Mr. MONRONEY. Mr. President, if the distinguished Senator from Colorado will yield, I wish to say he has quoted me correctly in what I said in the original debate. I was speaking of the minimum rate per piece. In informal discussions with my friend, I think I have shown him that most of these publications, if they consist of nonadvertising material—which is true of 80 or 90 percent of the magazines—would enjoy rates less than those they are now paying. If the Senator will examine the schedule, he will see that to be so.

As I pointed out yesterday, one of the wealthiest churches in Washington sends out over 60,000 pieces of mail, over a 40-week period a year, and pays only \$5 for that service. I am in favor of increased rates for that kind of service.

If we adopt the Senator's proposal, we shall kill the application of the bulk rate provision. The larger publications

of churches, labor organizations, agricultural organizations, and educational fields would have their rates raised to a cent and a half a pound, instead of the rate now paid of a cent and a quarter a pound.

The magazine which is sent to the railroad brotherhood members is the only specific example which has been mentioned which would be affected by the increase in the minimum per piece rate.

However, I think we can increase the rate from one-eighth of a cent to one-quarter of a cent, which is an increase of 100 percent, on the basis of the general knowledge we all have that we are now allowing freeloading, even though for charitable purposes when we allow to be delivered 60,000 pieces of mail, in a 40-week period, for \$5, when at the same time the Senate has voted to charge 5 cents for a letter a mother may write to her son in college. I do not think we ought to raise the rate on letter mail to 5 cents and then allow an organization to deliver large quantities of mail without an increased charge.

Mr. CARROLL. Not only have I been placed in the lap of the Alabama canary bulletins, but now it is said I am placed in the position of being against a mother's sending a letter to her son, as a result of my amendment. I think the facts are simple, and it seems to me everyone should understand how simple the issue is. Two million dollars is involved.

I appreciate the gentle solicitude which the Senator from Oklahoma has for mothers who wish to send letters to their sons in college, but that is not the issue before the Senate. The issue is this: before we drive out of existence nonprofit publications which disseminate scientific, educational, labor, and veterans' publications, they are entitled to be heard.

Whether the bill goes back to the House with a freezing of the provisions of the bill, I suggest that my amendment is sufficiently flexible to enable the Senate to have an opportunity to negotiate with the other body.

I should like to make one further comment in closing, and then I shall be ready for a vote on the amendment. The bill is very involved. The formula is so complicated that the committee and the staff did not clearly understand its implications. They did not know the bill would impose a severe increase upon certain nonprofit publications, associations to which I have previously referred.

Mr. BARRETT. Mr. President, will the Senator yield?

Mr. CARROLL. I yield.

Mr. BARRETT. Does the amendment of the Senator propose to change subsection (b) on page 36 to conform to the House provision?

Mr. CARROLL. That is the sole purpose of the amendment.

Mr. BARRETT. I commend the Senator. I spoke on this matter yesterday. I believe his amendment should be adopted.

I also should like to ask the Senator if his amendment covers subsection (c), near the bottom of page 36 of the bill?

Mr. CARROLL. It is difficult for me to hear what the Senator is saying.

Mr. BARRETT. I was asking the Senator if his amendment also included the provision relating to subsection (c) at the bottom of page 36.

Mr. CARROLL. My two amendments, considered en bloc, do take care of the situation to which the Senator has referred.

Mr. BARRETT. I thank the Senator.

Mr. CARROLL. Mr. President, this has been for me a very enlightening experience. I have had the counsel and guidance of the Senator from Oklahoma, who has done excellent work in the debate and on the bill. I think the RECORD ought to show that if the Senate should adopt the amendment it could be said to be the consensus of the Senate that, rather than resort to the old system, under the old law, the conferees should give consideration to the percentage rate formula as contained in the bill.

Evidently the Post Office Department and the committee itself seek to establish a percentage base for computing the rate. There is no objection to that, if it will provide uniformity, so long as there is an adherence to the basic concept of the law and regulations as now written which give a historic privileged treatment to nonprofit publications.

However, that formula could be substituted in the future, I may say to the committee members and the staff, if we will permit some of these people to have a hearing, so that they will know what to expect and so that they can present their arguments and evidence to the Senate for consideration. We can make a change in 3 months, 6 months, or a year, as the distinguished junior Senator from Oklahoma said in the debate.

What is wrong with a fair hearing? That is due process. We are perhaps driving some nonprofit publications out of existence. We should give them a hearing. That is the answer.

Again I repeat, as a final statement, there is \$2 million involved, out of a deficit of \$55 million. We are presented with a piecemeal raise, while the impression is given that considerable progress is being made.

Mr. President, if there is no further discussion on this matter, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. KNOWLAND. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

The question is on agreeing to the amendments, en bloc, to the committee amendment offered by the Senator from Colorado [Mr. CARROLL], on behalf of himself and other Senators. On this question the yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk called the roll.

Mr. MANSFIELD. I announce that the Senator from Virginia [Mr. BYRD], the Senator from New Mexico [Mr. CHAVEZ], the Senator from Missouri [Mr. HENNING], the Senator from Wyoming [Mr. O'MAHONEY], and the Senator from

Missouri [Mr. SYMINGTON] are absent on official business.

The Senator from New Mexico [Mr. ANDERSON] is absent because of illness.

I further announce that, if present and voting, the Senator from New Mexico [Mr. CHAVEZ], the Senator from Missouri [Mr. HENNINGS], the Senator from Wyoming [Mr. O'MAHONEY], and the Senator from Missouri [Mr. SYMINGTON] would each vote "yea."

Mr. DIRKSEN. I announce that the Senator from Indiana [Mr. CAPEHART], the Senator from Nebraska [Mr. CURTIS], the Senator from New York [Mr. IVES], the Senator from Iowa [Mr. MARTIN], and the Senator from Kansas [Mr. SCHOEPEL] are absent on official business.

If present and voting, the Senator from Indiana [Mr. CAPEHART] would vote "yea."

The Senator from Iowa [Mr. HICKENLOOPER] is detained on official business.

The Senator from Nebraska [Mr. CURTIS] is paired with the Senator from New York [Mr. IVES]. If present and voting, the Senator from Nebraska would vote "nay," and the Senator from New York would vote "yea."

The result was announced—yeas 35, nays 49, as follows:

YEAS—35

Aiken	Humphrey	Mundt
Barrett	Jackson	Murray
Beall	Javits	Neuberger
Bricker	Kefauver	Pastore
Bridges	Kennedy	Potter
Butler	Kuchel	Proxmire
Carroll	Langer	Revercomb
Case, N. J.	Magnuson	Talmadge
Clark	Malone	Thurmond
Cotton	Mansfield	Wiley
Douglas	McNamara	Yarborough
Green	Morse	

NAYS—49

Allott	Gore	Payne
Bennett	Hayden	Purtell
Bible	Hill	Robertson
Bush	Hoblitzell	Russell
Carlson	Holland	Saltonstall
Case, S. Dak.	Hruska	Scott
Church	Jenner	Smathers
Cooper	Johnson, Tex.	Smith, Maine
Dirksen	Johnston, S. C.	Smith, N. J.
Dworshak	Kerr	Sparkman
Eastland	Knowland	Stennis
Ellender	Lausche	Thye
Ervin	Long	Watkins
Flanders	Martin, Pa.	Williams
Frear	McClellan	Young
Fulbright	Monroney	
Goldwater	Morton	

NOT VOTING—12

Anderson	Curtis	Martin, Iowa
Byrd	Hennings	O'Mahoney
Capehart	Hickenlooper	Schoeppel
Chavez	Ives	Symington

So Mr. CARROLL's amendments to the committee amendment were rejected.

Mr. MONRONEY. Mr. President, I move that the Senate reconsider the vote by which the amendments were rejected.

Mr. KNOWLAND. Mr. President, I move to lay that motion on the table.

The PRESIDING OFFICER (Mr. PROXMIRE in the chair). The question is on agreeing to the motion of the Senator from California.

The motion to lay on the table was agreed to.

Mr. NEUBERGER. Yesterday the Senate adopted an amendment offered by the distinguished junior Senator from New York [Mr. JAVITS] which, to describe

it briefly, provides a special local mailing rate for third-class mail. At the time the able Senator from New York was sponsoring his amendment I asked him certain questions, because I had some doubt about the amendment. I asked him if it could be subject to doubt and that it could be used by large corporations or firms which engage in circularizing through the mails. With his customary candor, the Senator from New York said he was not fully familiar with all the implications of the amendment, but hoped that it would not be subject to abuse.

I have since taken the matter up with the Post Office Department, and I have learned from the Department that it can be susceptible to very extensive abuse.

This involves a basic question affecting the postal rate bill, and it seems to me that all Senators should have the opportunity to hear what the issues are and what is involved at this time.

Mr. MONRONEY. Mr. President, will the Senator yield?

Mr. NEUBERGER. I yield.

Mr. MONRONEY. I wish to compliment my distinguished colleague from Oregon for catching the implications which, I am sure, the Senate did not understand at the time it voted to adopt the amendment. It would effectively negate the Senate's action, through its committee, in providing a 2½-cent rate, in 2 stages, on the direct mail advertising, or, as some have unkindly referred to it, junk mail.

The amendment was adopted with the understanding that it would apply only in a limited way. The Senator from Oregon asked these questions when the amendment was under debate:

Mr. NEUBERGER. Is his amendment drafted in such a way that it will apply only to firms which send out a limited number of pieces of third-class mail?

Mr. JAVITS. That is my understanding of the study the staff of the committee made—that it was directed to that kind of mail.

After we studied it, we found it will be of greatest advantage to mailers who send out huge volumes of mail. They will be the only ones who will package and sort such mail. That is the effect of the amendment. During the discussion of the amendment on the floor, my distinguished colleague from New York apparently was not fully advised of the effect of the amendment, and thought it was limited. However, we find now that it opens wide the doors to such users as Sears Roebuck, Montgomery Ward, and others.

Mr. NEUBERGER. The Senator from Oklahoma is absolutely correct. What I was afraid of at the time I questioned the distinguished Senator from New York yesterday has now developed to be the fact.

Very early this morning I got in touch with the officials of the Post Office Department about this matter, and they have communicated to me a series of five reasons which they have headlined "Arguments Against Local Third-Class Mail." I shall read the statement in a moment.

Mr. JAVITS. Mr. President, will the Senator yield?

Mr. NEUBERGER. I shall be glad to yield in a moment. The able Senator from New York will agree with me that in courtesy to him, as soon as I studied the matter, I communicated with his office. I believe he will concur in the statement that he has been fully informed in advance of my intention.

Mr. JAVITS. Mr. President, will the Senator yield?

Mr. NEUBERGER. I yield.

Mr. JAVITS. Mr. President, I ask unanimous consent that, notwithstanding any request I may make, the Senator from Oregon may not lose his right to the floor.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

Mr. JAVITS. I believe it would be unfair to the proposal we have before us, which is a very important one, to debate it under the guise under which it has been presented. I am more than willing to debate it on its merits. The presentation of the facts as I have heard them are not in accord with the facts as I understand them. No Senator in the Chamber will ever say that any colleague has not been fully advised or does not understand entirely a proposal—and that includes me—and I therefore ask unanimous consent that the action taken yesterday in approving my amendment may be reconsidered.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

Mr. JAVITS. Mr. President, for myself and on behalf of the Senator from Maryland [Mr. BEALL], I offer a modified amendment. I ask that the amendment be read; then we can have a discussion of it on the merits.

The PRESIDING OFFICER. The amendment will be stated for the information of the Senate.

The LEGISLATIVE CLERK. On page 38, line 20, it is proposed to strike out the word "and."

On page 38, in line 24, after the semicolon, it is proposed to insert the word "and."

On page 38, after line 24, it is proposed to add the following:

(C) by inserting before the colon at the end of such proviso a comma and the following: "and except that any such minimum charge per piece when mailed at the principal address of the mailer for delivery by the post office at which it is mailed on or after July 1, 1959, shall be 2 cents if the pieces are sorted, faced, and tied into packages labeled to postal delivery zones."

Mr. JAVITS. Mr. President, I ask my colleague from Oregon, in the same spirit in which we have both approached this little problem, if he will now allow me to present the amendment and the arguments for it, so that we may have an orderly presentation, rather than to have the arguments against it, or whatever arguments there may be against it, first?

Mr. NEUBERGER. I yield for that purpose, which is certainly justifiable.

Mr. JAVITS. I thank the Senator.

Bear in mind, in the first place, that in this Chamber we are always working against deadlines. The bill was to have

been finished day before yesterday, then yesterday, and now, I assume, today. I had intended to make four speeches this week. This has been a banner week for me. I have had to cancel all 4, 1 after an abortive airplane effort to make it. So a Senator always feels, when he arrives in the morning, that unless he does something right away, it will not be done.

Therefore, under some pressure, I undertook to do something which my tremendous constituent mail—and that, I think, of many other Senators—dictated should deserve the attention of the Senate.

What can we do, not for the big mailer; not everybody in the world is a big mailer; not everybody in the world is a Montgomery Ward or a Sears Roebuck. There happen to be 4,300,000 businesses in the United States, of which roughly 4 million are small businesses. What can we do for the grocer, the upholsterer, the laundry man, and all the other merchants in a community, such as mine in New York, who cannot advertise in the New York Times, the Herald Tribune, the Mirror, or the News, without going broke, but who can depend only on direct mail? To some persons, this may be junk mail; however, to those merchants it is their very life blood. They cannot remain in business than by resort to advertising in that way.

So I asked myself, how can we take care of the situation for those people consistent with the traditions of the Post Office rate-making structure? That brings me to the reason for the specific freeze of the rate for that kind of mail at 2 cents, instead of letting it go up to 2½ cents.

What we are doing in passing upon this bill is to say that the rate on local mail shall be 4 cents and out-of-town mail shall be 5 cents. Heretofore the rate on that mail has been 3 cents.

The third-class rate for the small people whom I am describing, of whom there are millions throughout the Nation, was one-half the first-class rate.

Is it not logical, therefore, to say to these desirable beneficiaries of our equitable interest, "You now have a 4-cent local rate. So we will keep the relationship and make the rate for you 2 cents instead of 2½ cents. That is not out of line."

So I made an effort, so far as one could who is not a member of the committee, who is not aware of all the ins and outs of postal rate making, by consulting with the committee staff. That was apparently inadequate, as seemed to be indicated when the matter was considered here yesterday.

The Senator from Oregon [Mr. NEUBERGER] suggested to me that I ought to talk to the Post Office authorities. I did so. They suggested some additional language—three additional words—which would make it crystal clear that the proposal was intended to apply to local mail.

So by unanimous consent, I inserted the provision in the amendment.

Mr. JOHNSTON of South Carolina. Mr. President, will the Senator yield?

Mr. JAVITS. I yield.

Mr. JOHNSTON of South Carolina. When the Senator offered his amendment yesterday, it was accepted, because I talked with the Senator from Kansas [Mr. CARLSON], and he recommended that it be accepted. Something had to be done.

After the mail is brought into the post-offices and sorted, it will be found that its handling has cost a great deal of money, far more than one-half cent. The bill under consideration increases the rate to 1 cent—to a half cent the first year and another half cent the second year.

When the 1-cent rate goes into effect—not the one-half cent rate, but the 1-cent rate—we say to the mailer, "If you will do the work of bundling for the Post Office, you will not be charged the second half cent."

I thought, as did the other Members with whom I talked, that the Post Office would save a great deal of money by not having to do the additional work.

Mr. JAVITS. I thank the Senator from South Carolina for his contribution to the discussion. What he has said bears out exactly what I have in mind.

This morning, when the question arose again, I went to the experts of the Post Office Department, and I asked, "Can you cut this down to the barest limit in which you possibly can write it in order to make crystal clear what we are trying to do?" Hence this modification.

I told the Senator from Oregon I would never wish any Senator to feel unhappy about an amendment he had consented to, and that I would be glad to have the action on my original amendment reconsidered, so as to have the matter considered de novo.

That brings me to the amendment which is now at the desk and upon which the Senate will be asked to act. As I understand, it now makes the matter crystal clear. It provides that when mail by a mailer is sorted, faced, and tied into packages and is labeled with postal delivery zones, and delivered to a particular post office, if that post office makes the distribution of the mail which is so delivered to it, then the rate shall be frozen at 2 cents instead of 2½ cents.

Let me illustrate that, so that it will be clear. A merchant sorts and faces his mail. That is, it is all faced the same way. Then he ties it into bundles and puts tags on it for such and such a delivery zone for the particular package. He takes it to the post office.

If the same post office distributes the mail, it goes at the 2-cent rate instead of at the 2½-cent rate.

So my proposal endeavors to take care of the small people—and we all have them as constituents, and we have all heard from them.

What is the objection to this? The objection on the part of the Post Office Department is that they want the maximum revenue. The bill provides 2½ cents as the maximum. If the post office can get agreement to a 2½-cent rate in the Senate, this provision will not be in conference; that will be the end of it. The post office will be home free. I do not think we can lose too much sleep over their position. Certainly they want 2½

cents. They want everything they can get to help reduce the deficit. But we are concerned with individual equities.

The second argument against my proposal is that Montgomery Ward, Sears, Roebuck, Firestone Tire & Rubber Co.—I do not use these names invidiously—can give a bunch of circulars to a small merchant who can mail them at the 2-cent rate. I should like to know what is wrong with that. How can the small merchants remain in business if they are not given some opportunity to fight the battle competitively for themselves?

Finally, it is said that the big mailer might go to the trouble of trucking mail to a particular post office and letting the post office distribute it. If, economically, it is cheaper for the mailer to do the trucking than to have the Post Office Department do it, what is wrong with that? In short, one cannot guarantee, when he is trying to do something fundamentally equitable, against every contingency in life.

That, as I see it, is what the opposition to the amendment is based on. But, again, I point out that the traditional equity of this position is that the mailer of third-class matter has always paid half the rate of first-class mail. This is what I am trying to do for one small part of the total amount of third-class mail involved.

Mr. COTTON. Mr. President, will the Senator yield?

Mr. JAVITS. I yield.

Mr. COTTON. I should like to have one point made plain in my mind. Under the Senator's amendment, does the sender have to have his office in the town or in the post office region from which his mail is sent? In other words, can one bundle his mail and go from town to town or post office to post office to have it sent off?

Mr. JAVITS. The Post Office Department has drawn this amendment exactly to the contrary, for it provides that—

When mailed at the principal address of the mailer for delivery by the post office at which it is mailed.

In short, the answer to the question is "No." It has to be mailed at the principal address of the mailer.

I have pointed out that in the case of individual merchants, such merchants will paste little labels with their addresses on the pieces of mail, and will send them in that way.

I believe the Senate should decide, advisedly, that that is not bad; that, instead, it is good, in terms of changing from mass distribution to small distribution.

Mr. AIKEN. Mr. President—

Mr. JAVITS. I yield to the Senator from Vermont.

Mr. AIKEN. Mr. President, I appreciate the concern of the Senator from New York for the small-business men in the cities. But I should like to point out that many small-business men do not live in the cities where their customers live. I am thinking particularly of many small-business men in small towns in New England, who depend upon customers in New York City for their business. They often sell the same things that both

the small-business men and the big-business men in the cities sell.

It seems to me that under this amendment the city brethren would have the advantage in appealing to their customers.

Undoubtedly, the Senator from New York is aware of the innumerable number of small mail-order business which have developed in the rural areas. In the areas where they are located, they do not have enough customers to be able to have their business amount to anything. Those businesses must deal with customers in the large cities—for instance, in New York City.

This amendment would give a businessman who remained in a city—instead of moving to Putney, Vt., to conduct his business—a considerable advantage.

Mr. JAVITS. Of course, in connection with these matters we proceed on the basis of the doctrine of *de minimis*, as we lawyers say.

Mr. AIKEN. Yes.

Mr. JAVITS. Just as I have pointed out that we cannot base the bill on the mailing of material on which the sender places his imprimatur. Yet, I recognize that these are aspects of a fringe situation which, fundamentally, is a small-business problem.

I am not offering the amendment as being 100 percent perfect. I am offering it as being perhaps only 85 or 90 percent a reasonable answer. That is the best I can say.

Mr. AIKEN. Mr. President, I commend the Senator from New York for looking after his own constituents. However, I should like to have my constituents have an opportunity to do as much business as possible with persons living in New York City and the surrounding suburbs.

Mr. JAVITS. Mr. President, let me point out that I am not attempting to look out for only my own constituents.

Mr. AIKEN. I realize that.

Mr. JAVITS. This measure affects the people living in cities of even moderate size; it is not confined to the problem facing my constituents.

Mr. AIKEN. But if the rate is to be based on the willingness of the sender of the mail to sort it into parcels of 10 or more pieces which are going to a single post office, I believe it should apply to those who live outside the cities, as well as to those who live in the cities.

I have some idea of what I am talking about, because for many, many years I mailed from 20,000 to 30,000 pieces of mail. I always sorted them, because I thought I had to.

Mr. JAVITS. Mr. President, I believe the amendment should be brought to a vote. On the question of agreeing to my amendment, I ask for the yeas and nays.

The PRESIDING OFFICER (Mr. PROXMIER in the chair). Is there a sufficient second?

The yeas and nays were not ordered.

Mr. COOPER. Mr. President, will the Senator from New York yield to me?

Mr. JAVITS. First, Mr. President, I withdraw my request for the yeas and nays. I shall renew it after I have yielded to the Senator from Kentucky and after he has finished the question he wishes to ask.

Mr. COOPER. Has the Senator from New York been able to obtain an estimate of the cost of the bill without his amendment and of the cost of the bill with his amendment?

Mr. JAVITS. I am glad the Senator from Kentucky has asked that question.

Mr. President, may there be order in the Senate?

The PRESIDING OFFICER. Let there be order in the Senate.

Mr. NEUBERGER. Mr. President, those of us who sit on this side of the Chamber were unable to hear whether the yeas and nays were ordered, following the request for the yeas and nays. There is so much disorder in the Chamber that I do not think even an explosion of Mount Vesuvius could be heard.

The PRESIDING OFFICER. The Senator from New York withdrew his request for the yeas and nays. Whenever the yeas and nays are requested the Chair will put the question.

Mr. JAVITS. Mr. President, there is now a moment of quiet; so on the question of agreeing to my amendment, I now request the yeas and nays.

The PRESIDING OFFICER. The pending question is on agreeing to the amendment of the Senator from New York. On this question the yeas and nays have been requested. Is there a sufficient second?

The yeas and nays were not ordered.

Mr. CASE of South Dakota. Mr. President, will the Senator from New York yield to me?

Mr. JAVITS. I yield.

Mr. CASE of South Dakota. I thought the able Senator from New York was asked about the comparative amounts of revenues to be obtained, first, under the bill as it now stands and, second, under the bill with the inclusion of his amendment. I refer to the comparative amounts of revenue coming to the Government.

Mr. JAVITS. As I understand, these increases will aggregate \$43 million. The best answer I can get from the representative of the Post Office Department is that this amendment would affect one-fourth of that total.

Mr. CASE of South Dakota. In what way?

Mr. JAVITS. In other words, if the rate is frozen at 2 cents, the maximum diminution in the return would be 25 percent.

Mr. CASE of South Dakota. In other words, the bill proposes a revenue increase in the amount of \$43 million, from this source; is that correct?

Mr. JAVITS. Yes.

Mr. CASE of South Dakota. Under the amendment of the Senator from New York, approximately \$10 million would be lost; is that correct?

Mr. JAVITS. Yes, \$10 million. That is my understanding from the figures the Post Office Department representatives have given me.

Mr. BUSH. Mr. President, will the Senator from New York yield to me?

Mr. JAVITS. I yield.

Mr. BUSH. This amendment has to do with the so-called junk mail; does it not?

Mr. JAVITS. Yes; or advertising circulars.

Mr. BUSH. Circulars addressed to boxholders; is that correct?

Mr. JAVITS. Under the amendment, such mail would have to be sorted and directed to particular post-office areas.

Mr. BUSH. But it could be addressed to boxholders, could it?

Mr. JAVITS. Yes.

Mr. BUSH. In my State there are many small weekly newspapers which are dependent upon serving the people of the areas in which they are published. Unless such newspapers can carry some advertising, they cannot exist.

Among the people in my area there has been much objection to the so-called junk mail. If the amendment is agreed to, I understand the bill will be more favorable to junk mail than otherwise. In other words, the bill is designed to increase the rate on junk mail. But is not the amendment of the Senator from New York designed to reduce the rate?

Mr. JAVITS. My amendment is designed to cut the rate back in the case of a particular kind of mailer who needs such help. In other words, the bill would not eliminate what the Senator from Connecticut calls junk mail. The only question is what shall be paid for handling it; and even the maximum proposed will not be so prohibitive, in terms of those who mail very large quantities, that they would cut down materially their volume of mail. I do not think we are dealing with the situation in such a way as to put a stop to such mail.

Mr. NEUBERGER. Mr. President, I understand that I have the floor. I yielded to the Senator from New York, to permit him to make a statement. It is my hope that prompt action will be taken on the postal rate bill, and that then the postal pay bill will be brought before the Senate. If that is to be done, we must terminate this discussion, and must come to a vote.

I should like to have an opportunity to comment on the amendment which has been offered by the distinguished Senator from New York.

Mr. JAVITS. Mr. President, I shall be glad to take my seat until the Senator from Oregon shall have finished, if he prefers that I do so.

Mr. NEUBERGER. Mr. President, I should like to say, briefly, that although the amendment of the Senator from New York may have been drafted by the Post Office Department, I am authorized to inform the Senate—I am authorized by the Postmaster General himself—that he would prefer that this amendment not be included in the bill.

In my opinion the amendment would provide a loophole so big that a 4-unit diesel locomotive could pass through it.

Let us see what the effect of the amendment would be. Is the amendment designed to be of help to a small upholsterer? If such a businessman sends out a thousand pieces of mail, the amendment would reduce his mailing bill by \$5. But under the amendment, R. H. Macy & Co. could send out 6 million or 7 million pieces of mail and could also enjoy the reduced rate.

Similarly, if a Buick dealer in Boise, Idaho—let us say the Church Buick Co.,

although we know that our distinguished colleague, the junior Senator from Idaho, is not in the automobile business—wished to send out a large amount of mail, General Motors Corp. would be able to ship to that company innumerable circulars; and so long as they were stamped with the name of Church Buick Agency, for instance, they could be mailed at the reduced rate, from Boise, under this amendment.

Mr. President, the Senate has voted that the rate on first-class mail going out of town shall be 5 cents, and that the rate on first-class mail sent locally shall be 4 cents.

It seems to me that the Senate ought not to open up such a vast loophole in the third-class rate. That is why I raised some questions yesterday. That is why in my opinion the amendment of the able Senator from New York should be rejected. In view of the substantial increases voted on first-class mail rates, I doubt if we should open a loophole to weaken the committee position on third-class mail rates.

Mr. LAUSCHE. We have been discussing today an overabundance of junk mail being delivered to homes. Would this type of amendment permit the delivery of junk mail?

Mr. NEUBERGER. This amendment, if adopted, would permit so-called junk mail, if the Senator from Ohio wishes to apply that label to it, to be sent to homes in the United States at the reduced rate of 2 cents.

Mr. President, I ask unanimous consent to have printed in the RECORD the reasons sent to me by the Post Office Department for their opposition to local third-class mail.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

ARGUMENTS AGAINST LOCAL THIRD-CLASS MAIL

1. Large mailers would simply haul their circular material to the local post office and pay only the 2-cent rate.

2. Would complicate the third-class rate structure which already has piece rates, pound rates, and special rates for nonprofit organizations.

3. The Javits amendment establishes a local rate only for bulk mailings. If this principle were applied with consistency, it would then be necessary to establish a local rate for piece mailings. This would further reduce the revenues the Department would receive from the third-class rate adjustments at a very time when Congress is attempting to establish more equitable cost relationships in this class of mail.

4. At the present date bulk mailings of certain nonprofit organizations are subject to a 1-cent minimum per piece. Pressures would mount from these organizations, and perhaps rightly so if we are to be consistent in our ratemaking, for the establishment of an even lower local rate for their mailings. This, too, would reduce revenues from the proposals now before us.

5. Third-class mail is already receiving a substantial discount from the first-class mail rates. In the past Congress has never made a rate differential on third-class mail based on local and nonlocal mailings, and for good reason. The uniform rates have always been low enough without giving further concessions to large third-class mail users in the form of a still lower rate for local matter.

THE PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from New York [Mr. JAVITS] for himself and the Senator from Maryland [Mr. BEALL].

Mr. WILLIAMS. Mr. President, I ask for the yeas and nays on the amendment.

The yeas and nays were not ordered.

Mr. WILLIAMS. Mr. President, I suggest the absence of a quorum—

Mr. JOHNSON of Texas. Mr. President, I hope the Senator will withdraw his request. The Senate will vote on the matter, if Senators will give us a chance to do so.

Mr. WILLIAMS. I withdraw my suggestion of the absence of a quorum, and renew my request for the yeas and nays.

The yeas and nays were not ordered.

Mr. WILLIAMS. Mr. President, I thought there was certainly a showing of a sufficient number of hands.

THE PRESIDING OFFICER. The Chair is informed that it takes a showing of 17 hands. Only 16 hands were counted.

Mr. SMATHERS. Here is the 17th.

Mr. BUTLER. Mr. President, a parliamentary inquiry.

THE PRESIDING OFFICER. The Senator will state it.

Mr. BUTLER. It takes only one-fifth of Senators present to have the yeas and nays ordered, does it not?

THE PRESIDING OFFICER. The Chair is informed that it is not in order to keep repeating requests for the yeas and nays without business intervening between the requests.

Mr. JOHNSON of Texas. Mr. President, I dislike to see the Senate functioning in this way. We know there is a substantial number of Senators on the floor. The Senator from New York indicated he was going to speak for a few moments. I urged the Senator from Oregon to let us vote. He has spoken and has provoked the Senator from New York to speak now. When the Senator from New York completes his statement, another Senator will speak. We can have quorum calls, and take a great deal of time this evening, and stay here tonight, and come back tomorrow. I think most Senators know what the sentiment is on the amendment. I think the Senator from Delaware well realizes that, but if the Senator is determined to have a yeas-and-nays vote on this amendment, I shall be glad to accede to his request for a call of the roll on this and every other little amendment, but we shall be here until all hours.

I think the result of the vote on the amendment will show, when Senators come to the Chamber from their offices, and when the roll is called, that a yeas-and-nays vote was not necessary to get the action the Senator from Delaware desires; but if it will please him to have a rollcall, and if the Senator is going to insist upon having a quorum call, we can have one.

Mr. President, I ask for the yeas and nays. Let us have the yeas and nays ordered, so we can then look at the result.

Mr. WILLIAMS. Mr. President, this is an amendment which would obviously cut back the proposed increase on so-called junk mail; I am very much opposed to this amendment. Having authorized an increase in first-class postage, I think it would be inexcusable to adopt the amendment and thereby reduce the rate on the "junk" mail.

I appreciate the fact that the Senator from New York asked for a reconsideration of the vote by which the amendment was agreed to last night. I think that was very fair of him, but I want to be sure the Senate is on record on the amendment this time. I hope it will be defeated.

Certainly the time is long past due when rates on "junk" mail should be increased.

Mr. JOHNSON of Texas. Mr. President, I send to the desk a proposed unanimous-consent agreement, which I shall ask to have considered later. I want Senators to be thinking about it. I hope we can agree to it.

Mr. HOLLAND. Mr. President, a point of order.

THE PRESIDING OFFICER. The Senator from Florida will state it.

Mr. HOLLAND. Were the yeas and nays ordered?

THE PRESIDING OFFICER. The yeas and nays were not ordered on the amendment.

Mr. WILLIAMS. Mr. President, I thought they were.

Mr. JOHNSON of Texas. Mr. President, I renew the request for the yeas and nays.

THE PRESIDING OFFICER. I ask Senators to please hold their hands up long enough so they can be accurately counted.

The yeas and nays were ordered.

PROPOSED UNANIMOUS CONSENT REQUEST

THE PRESIDING OFFICER. The clerk will read the proposed order which has been sent to the desk.

The legislative clerk read as follows:

Ordered, That debate on the postal pay amendment, and all amendments or motions thereto, to H. R. 5836, an act to readjust postal rates and to establish a congressional policy for the determination of postal rates, and for other purposes, be limited to 1 hour of debate to be equally divided and controlled by the mover of the amendment and the majority leader: *Provided further,* That no amendment that is not germane to the provisions of the said amendment shall be received.

Mr. JOHNSON of Texas. Mr. President, I should like to say, by way of explanation, that I have discussed this matter with the chairman of the committee and the ranking minority member of the committee. They informed me they do not think any more than 1 hour will be required on the postal pay amendment or any amendment thereto. The order provides for 1 hour on any amendment, or any motion, or amendment thereto. Since we are going to have several rollcalls, since this is Friday, since we would like to avoid a Saturday session if possible, and since we expect this to be the last amendment to the rate part of the bill, if Senators are agreeable, I

should like them to consider having this order entered, so all Senators may be on notice we are going to have reasonable debate, but that we also expect to have several rollcalls. I hope we can complete action on the bill, so we will not have to consider having a session on Saturday.

Mr. CARLSON. Mr. President, will the Senator yield?

Mr. JOHNSON of Texas. I yield.

Mr. CARLSON. I am willing that there be a limited debate, but I wonder if we should not first have a quorum call, because a Senator may complain later that he was not advised of the limited-debate proposal.

Mr. JOHNSON of Texas. I think that would be appropriate.

Mr. POTTER. Mr. President, will the Senator yield?

Mr. JOHNSON of Texas. I yield to the Senator from Michigan.

Mr. POTTER. Can the Senator inform me how late the Senate is going to stay in session tonight?

Mr. JOHNSON of Texas. I should like to have the Senate conclude as early as possible. How long Senators will take, I have long ago given up trying to guess. I am not going to repeat the mistake I made last night and the night before, by saying we do not expect a rollcall after 6:30, because at about 5:30 Senators inform me they are going to speak and expect a rollcall.

Mr. REVERCOMB. Mr. President, will the Senator yield?

Mr. JOHNSON of Texas. I yield to the Senator from West Virginia.

Mr. REVERCOMB. Is the proposed order limited to the proposed postal rate bill, or does it include proposals to increase the pay or salaries of postal workers?

Mr. JOHNSON of Texas. The proposed order pertains to proposed amendments to the rate bill, involving postal pay increases, or any amendments, or any motions.

I will say to the Senator I wanted the Senate to be given a chance to consider the proposed order. Before we have the yeas and nays on the amendment in which the Senator from New York is interested, we shall have a quorum call, and then, either before or after the vote, we can have the clerk read the proposed order and the Senate can then consider it.

Mr. REVERCOMB. Mr. President, will the Senator yield?

Mr. JOHNSON of Texas. Yes.

Mr. REVERCOMB. Does the Senator mean that if salary increases are proposed in an amendment to the pending bill, debate on that proposal will be limited to 1 hour?

Mr. JOHNSON of Texas. That is correct. Does my friend have any suggestions?

Mr. REVERCOMB. The only suggestion I have is that I shall object to the unanimous-consent agreement.

Mr. JOHNSON of Texas. The Senator from Texas does not propose it at this time, but if the Senator from West Virginia thinks the time is too limited, or has any suggestions that will be helpful, I shall be glad to consider incorporating them in the order.

Mr. REVERCOMB. I think the limit of debate that might arise on the salary increase proposal is too short.

Mr. JOHNSON of Texas. The ranking minority member of the committee and the chairman of the committee thought the time proposed would be ample. Does the Senator think the time ought to be increased by another 30 minutes?

Mr. REVERCOMB. I do not propose any time, sir.

Mr. JOHNSON of Texas. Would it be agreeable to the Senator if the time were increased by 30 minutes?

Mr. REVERCOMB. Not at this time. When the matter comes up I shall exercise my rights.

Mr. JOHNSON of Texas. If the Senator will give thought to it and make suggestions, I shall be glad to work out an agreement with him.

Mr. REVERCOMB. I certainly will give it some thought.

Mr. JOHNSON of Texas. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Aiken	Green	Morton
Allott	Hayden	Mundt
Barrett	Hickenlooper	Murray
Beall	Hill	Neuberger
Bennett	Hoblitzell	Pastore
Bible	Holland	Payne
Bricker	Hruska	Potter
Bridges	Humphrey	Proxmire
Bush	Jackson	Purtell
Butler	Javits	Revercomb
Carlson	Jenner	Robertson
Carroll	Johnson, Tex.	Russell
Case, N. J.	Johnston, S. C.	Saltonstall
Case, S. Dak.	Kefauver	Scott
Church	Kennedy	Smathers
Clark	Kerr	Smith, Maine
Cooper	Knowland	Smith, N. J.
Cotton	Kuchel	Sparkman
Dirksen	Langer	Stennis
Douglas	Lausche	Talmadge
Dworshak	Long	Thurmond
Eastland	Magnuson	Thye
Ellender	Malone	Watkins
Ervin	Mansfield	Wiley
Flanders	Martin, Pa.	Williams
Frear	McClellan	Yarborough
Fulbright	McNamara	Young
Goldwater	Monroney	
Gore	Morse	

Mr. MANSFIELD. I announce that the Senator from Virginia [Mr. BYRD], the Senator from New Mexico [Mr. CHAVEZ], the Senator from Missouri [Mr. HENNINGS], the Senator from Wyoming [Mr. O'MAHONEY], and the Senator from Missouri [Mr. SYMINGTON] are absent on official business.

The Senator from New Mexico [Mr. ANDERSON] is absent because of illness.

Mr. DIRKSEN. I announce that the Senator from Indiana [Mr. CAPEHART], the Senator from Nebraska [Mr. CURTIS], the Senator from New York [Mr. IVES], the Senator from Iowa [Mr. MARTIN] and the Senator from Kansas [Mr. SCHOEPPEL] are absent on official business.

The PRESIDING OFFICER. A quorum is present.

The question is on agreeing to the amendment offered by the Senator from New York [Mr. JAVITS].

Mr. JOHNSON of Texas. May we have order in the Chamber, Mr. President?

The PRESIDING OFFICER. The Senate will be in order.

Mr. JAVITS. Mr. President, I shall not detain the Senate long. My only purpose in offering the amendment is to draw attention to a particular situation which has been called to the notice of all of us by the small-business men, who will, if the amendment is defeated, be placed in a position contrary to rather than for their interest with relation to the first-class mail rate.

The first-class mail rate of 5 cents is to be provided for only 3 years, yet the small-business man is being asked to accept a 50 percent proportion of that on a permanent basis and not for only 3 years.

We shall have a 4-cent rate for local mail, but we are not giving the small-business man the same relationship to local mail which he has traditionally had.

Senators may talk about junk mail but I should like to see them discuss of such mail in terms of "junk" mail with their small business constituents. I do not think their constituents would take very kindly to that description, since many of them are men to whom it represents the staff of life.

I am very proud to be a Member of this body. It is a determined body. It is thorough. I think that is all to the good. I hope in perhaps my own small way I have made my contribution toward making it a thorough body today.

There is only one point of fact which I should like to emphasize in connection with the amendment I have proposed. The amendment does not range all the way, but it applies to the particular post office at which the mailer has his principal address, and to the mail distributed only through that post office. It seems to me that confines the application very closely, even confining it more closely than the 4-cent first-class mail. We shall have a 4-cent first-class mail rate for all 5 boroughs of New York City, but if the amendment I have proposed is adopted there will be a 2-cent rate on the third-class mail in only the Boroughs of Manhattan and the Bronx, which happen to have 1 post office. That rate is confined even beyond the 4-cent first-class rate.

I deeply feel the amendment deserves the support of Senators. The question can then be taken to conference and considered and discussed in connection with what was done by the House of Representatives.

I repeat, unless the Senate adopts the amendment, the rate will be fixed at 2½ cents, because the House bill provides 2½ cents, and without the amendment that would be the end of it. This is the last chance Senators will have to take this matter to conference. That is exactly the reason why the chairman of the committee and the ranking minority member yesterday accepted this proposal. They knew what they were doing. They were not confused. They felt they ought to take the proposal to conference in order to determine what finally ought to be done with respect to the House bill.

If we do not adopt the amendment there will be no latitude whatever, and the bill will be absolutely tied down to

2½ cents. Senators are now called upon to vote "yea" or "nay" on whether the rate shall be fixed at 2½ cents.

SEVERAL SENATORS. Vote! Vote! Vote!

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from New York [Mr. JAVITS]. On this question the yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk called the roll.

Mr. MANSFIELD. I announce that the Senator from Virginia [Mr. BYRD], the Senator from New Mexico [Mr. CHAVEZ], the Senator from Missouri [Mr. HENNINGS], the Senator from Wyoming [Mr. O'MAHONEY], and the Senator from Missouri [Mr. SYMINGTON] are absent on official business.

The Senator from New Mexico [Mr. ANDERSON] is absent because of illness.

I further announce that if present and voting, the Senator from New Mexico [Mr. CHAVEZ] and the Senator from Missouri [Mr. HENNINGS] would each vote "nay."

Mr. DIRKSEN. I announce that the Senator from Indiana [Mr. CAPEHART], the Senator from Nebraska [Mr. CURTIS], the Senator from New York [Mr. IVES], Senator from Iowa [Mr. MARTIN] and the Senator from Kansas [Mr. SCHOEPPEL] are absent on official business.

If present and voting, the Senator from Indiana [Mr. CAPEHART], the Senator from Nebraska [Mr. CURTIS], and the Senator from Kansas [Mr. SCHOEPPEL] would each vote "nay."

The result was announced—yeas 6, nays 79, as follows:

YEAS—6

Beall	Case, N. J.	Kuchel
Butler	Javits	Morton

NAYS—79

Aiken	Hayden	Murray
Allott	Hickenlooper	Neuberger
Barrett	Hill	Pastore
Bennett	Hoblitzell	Payne
Bible	Holland	Potter
Bricker	Hruska	Proxmire
Bridges	Humphrey	Purtell
Bush	Jackson	Revercomb
Carlson	Jenner	Robertson
Carroll	Johnson, Tex.	Russell
Case, S. Dak.	Johnston, S. C.	Saltonstall
Church	Kefauver	Scott
Clark	Kennedy	Smathers
Cooper	Kerr	Smith, Maine
Cotton	Knowland	Smith, N. J.
Dirksen	Langer	Sparkman
Douglas	Lausche	Stennis
Dworshak	Long	Talmadge
Eastland	Magnuson	Thurmond
Ellender	Malone	Thye
Ervin	Mansfield	Watkins
Flanders	Martin, Pa.	Wiley
Frear	McClellan	Williams
Fulbright	McNamara	Yarborough
Goldwater	Monroney	Young
Gore	Morse	
Green	Mundt	

NOT VOTING—11

Anderson	Curtis	O'Mahoney
Byrd	Hennings	Schoepfel
Capehart	Ives	Symington
Chavez	Martin, Iowa	

So Mr. JAVITS' amendment was rejected.

Mr. JOHNSON of Texas. Mr. President, in order that this question may not be reopened, I move to reconsider the vote by which the Javits amendment was rejected.

Mr. DIRKSEN. Mr. President, I move to lay the motion on the table.

The motion to reconsider was laid on the table.

Mr. DIRKSEN. Mr. President, I offer an amendment which I send to the desk and ask to have stated.

The PRESIDING OFFICER. The amendment will be stated.

The CHIEF CLERK. On page 48, line 16, it is proposed to strike out the period, insert a colon, and the following:

Provided, That funds for the purposes of this subsection shall be transferred to the General Services Administration to effectuate such purposes.

Mr. DIRKSEN. Mr. President, I am not disposed to labor the amendment, but I think it is necessary. We created the General Services Administration 9 years ago. It has authority over Federal supply, procurement, real estate, design of buildings, construction, and so forth. This amendment very properly belongs in the bill. The Administrator of the General Services Administration fully concurs in that viewpoint. That is the reason for offering the amendment.

Mr. JOHNSTON of South Carolina. Mr. President, this matter did not come before the committee during our discussion; neither has any committee member talked to me about it. I have no authority whatever to take any action on it. However, I suggest that we could possibly take the amendment to conference and consider it there, and determine what should be done about it. There are a great many ramifications connected with it.

Mr. CARLSON. Mr. President, will the Senator yield?

Mr. JOHNSTON of South Carolina. I yield.

Mr. CARLSON. I appreciate the fact that the Senator will take it to conference. I, too, would like to look into it.

Mr. MONRONEY. Mr. President, will the Senator yield?

Mr. JOHNSTON of South Carolina. I yield.

Mr. MONRONEY. I am definitely opposed to taking the amendment to conference. I sincerely question its wisdom. If the distinguished Senator wishes to take it to conference, we should have a full-dress debate on it. I should like to state my reasons for opposing the amendment, and to urge that the provision for the \$175 million be stricken from the bill. I am associating myself in that view with the views of many members of the Committee on Public Works. The establishment of the fund is a violation of the jurisdiction of the Public Works Committee. Therefore, if Senators wish to spend all afternoon in debating the subject, I suggest that the amendment be taken to conference after it has been fully debated.

Mr. DIRKSEN. Mr. President, will the Senator yield?

Mr. JOHNSTON of South Carolina. In offering to take it to conference, I am not agreeing to the amendment. However, there are a great many things in the bill that I did not agree to. [Laughter.]

Mr. DIRKSEN. Mr. President, will the Senator yield?

Mr. JOHNSTON of South Carolina. I yield.

Mr. DIRKSEN. I do not intend for one moment to labor the subject. I believe it is the right course to follow. Under the proposal of the first Hoover Commission we consolidated all the procurement of supplies and construction of agencies in the GSA. That agency is carrying on that function today. If it is the desire of the Senate to thwart that activity and nullify it with respect to the \$175 million fund, that is perfectly all right with me. I merely do not want the opportunity to escape without raising my voice on the subject, because I shall be the last Member of the Senate to deviate from action the Senate took and which has had the concurrence of Congress and the country for the past 9 years.

If we examine the figures of GSA, it will be found that that agency is charged with procurement and design and acquisition of realty. The office in charge of the construction of public buildings is located there. That agency has supervision. Therefore the amendment should properly be in the bill. I am not asking for a show of hands, and I will not ask for a yea-and-nay vote; I merely wish to make my own position clear. If the House Members in conference should undertake to change it, that would be quite satisfactory to me.

Mr. SALTONSTALL. Mr. President, will the Senator yield?

Mr. JOHNSTON of South Carolina. Although I am willing to take the amendment to conference, I must say that personally I am not in favor of it. There is nothing in the bill relating to it.

Mr. DIRKSEN. Mr. President, I withdraw the amendment.

Mr. KERR. Mr. President, will the Senator yield?

Mr. JOHNSTON of South Carolina. I yield.

Mr. JOHNSON of Texas. Mr. President, has the amendment been withdrawn?

The PRESIDING OFFICER. The sponsor of the amendment has withdrawn it.

Mr. KERR. What is the purpose—

The PRESIDING OFFICER. The committee amendment is open to further amendment.

Mr. KERR. Mr. President, I believe the Senator from South Carolina has yielded to me for a question.

The PRESIDING OFFICER. The Chair was announcing that the amendment had been withdrawn. The Senator from South Carolina has the floor.

Mr. KERR. Mr. President, will the Senator yield?

Mr. JOHNSTON of South Carolina. I yield.

Mr. KERR. I refer the Senator to section 303 on page 48 of the bill, which reads:

EXPENDITURE FROM FUND

SEC. 303. Moneys paid into the fund, together with any income thereof under section 304 (b), shall be available until expended for obligation by the Postmaster General for the purpose of—

(2) constructing or otherwise acquiring buildings and other related property which will more efficiently serve the needs of the postal service, and for improving existing facilities.

If that does not do two things, first, collect money and turn it over to the Postmaster General, and, second, make it available until expended for constructing or otherwise acquiring buildings and other related property, then what is the meaning of the language?

Mr. JOHNSTON of South Carolina. All the testimony will bear out my statement that that was intended for the leasing of buildings and for the remodeling of present post offices in order to install modern equipment. It may be necessary, for example, to remove a partition, or to do something like that.

Mr. KERR. In view of the testimony of the Postmaster General which was read yesterday by the Senator from Rhode Island [Mr. PASTORE], does the Senator from South Carolina take the responsibility for telling us that when the words of an act give one authority and the testimony of the Postmaster General indicated a different purpose, the testimony of the Postmaster General is binding or that the language in the act is binding?

Mr. JOHNSTON of South Carolina. I will take the language in the act as binding.

Mr. KERR. Will the Senator look at the second paragraph in section 303 of the bill and tell the Senate that the bill does not provide for the collecting of the money and putting it into a fund which is made available to the Postmaster General for constructing or otherwise acquiring buildings and other related property which will more efficiently serve the needs of the postal service?

Mr. JOHNSTON of South Carolina. I want the Senator to know that I am not defending the provision.

Mr. KERR. I am asking the Senator what it means.

Mr. JOHNSTON of South Carolina. The only thing I know is what the testimony before the committee brought out.

Mr. KERR. I ask the Senator what the language in the bill means.

Mr. JOHNSTON of South Carolina. I suggest that the Senator ask the Senator from Kansas [Mr. CARLSON]. I did not sponsor that provision at all. That was put in by amendment offered by the Senator from Kansas.

Mr. KERR. Will the Senator tell me what it means?

Mr. JOHNSTON of South Carolina. I was against all of it. I suggest the Senator from Oklahoma ask the Senator from Kansas the question.

Mr. KERR. Mr. President, I ask unanimous consent that I may ask the Senator from Kansas what the language means.

Mr. CARLSON. Mr. President, I ask unanimous consent that paragraph (2)

of section 303, shown at lines 13 to 16, on page 48 of the bill, be stricken.

Mr. KERR. Mr. President, I join in the request.

The PRESIDING OFFICER. Does the Senator from Kansas offer such an amendment?

Mr. KERR. The Senator from Kansas asks unanimous consent that the language be stricken.

Mr. CARLSON. I am asking unanimous consent.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Kansas? The Chair hears none, and it is so ordered.

Mr. JOHNSTON of South Carolina. Mr. President, I offer an amendment.

The PRESIDING OFFICER. Does the Senator desire to have the amend-

ment read or to have it printed in the RECORD?

Mr. JOHNSTON of South Carolina. I do not believe it is necessary to have it read. It has been on the desks of the Senators for many days. It is a committee amendment.

The PRESIDING OFFICER. Without objection, the amendment will be printed in the RECORD.

The amendment offered by Mr. JOHNSTON of South Carolina is as follows:

On page 49, after line 9, insert the following:

That the act entitled "Postal Field Service Compensation Act of 1955," approved June 10, 1955 (Public Law 68, 84th Congress), is hereby amended as follows:

(a) In section 301 (a) strike out the Postal Field Service Schedule, and insert the following schedule:

"Postal field service schedule"

Level	Per annum rates and steps						
	1	2	3	4	5	6	7
1. Temporary rate.....	\$3,095	\$3,205	\$3,315	\$3,425	\$3,535	\$3,645	\$3,755
2. Temporary rate.....	3,335	3,445	3,555	3,665	3,775	3,885	3,995
3. Temporary rate.....	3,320	3,435	3,550	3,665	3,780	3,895	4,010
4. Temporary rate.....	3,560	3,675	3,790	3,905	4,020	4,135	4,250
5. Temporary rate.....	3,580	3,705	3,830	3,955	4,080	4,205	4,330
6. Temporary rate.....	3,820	3,945	4,070	4,195	4,320	4,445	4,570
7. Temporary rate.....	3,935	4,070	4,205	4,340	4,475	4,610	4,745
8. Temporary rate.....	4,175	4,310	4,445	4,580	4,715	4,850	4,985
9. Temporary rate.....	4,170	4,305	4,440	4,575	4,710	4,845	4,980
10. Temporary rate.....	4,410	4,545	4,680	4,815	4,950	5,085	5,220
11. Temporary rate.....	4,505	4,655	4,805	4,955	5,105	5,255	5,405
12. Temporary rate.....	4,665	4,815	4,965	5,115	5,265	5,415	5,565
13. Temporary rate.....	4,870	5,035	5,200	5,365	5,530	5,695	5,860
14. Temporary rate.....	4,950	5,115	5,280	5,445	5,610	5,775	5,940
15. Temporary rate.....	5,255	5,440	5,625	5,810	5,995	6,180	6,365
16. Temporary rate.....	5,675	5,875	6,075	6,275	6,475	6,675	6,875
17. Temporary rate.....	6,235	6,460	6,665	6,880	7,095	7,310	7,525
18. Temporary rate.....	6,860	7,095	7,330	7,565	7,800	8,035	8,270
19. Temporary rate.....	7,545	7,805	8,065	8,325	8,585	8,845	9,105
20. Temporary rate.....	8,310	8,590	8,870	9,150	9,430	9,710	9,990
21. Temporary rate.....	9,140	9,440	9,740	10,040	10,340	10,640	10,940
22. Temporary rate.....	10,050	10,350	10,650	10,950	11,250	11,550	11,850
23. Temporary rate.....	11,075	11,375	11,675	11,975	12,275	12,575	12,875
24. Temporary rate.....	12,255	12,555	12,855	13,155	13,455	13,755	14,055
25. Temporary rate.....	13,760	14,060	14,360	14,660	14,960	15,260	15,560
26. Temporary rate.....	15,000	15,300	15,600	15,900			
27. Temporary rate.....	16,000						

(b) In section 302 (a) strike out the Rural Carrier Schedule, and insert the following schedule:

"Rural carrier schedule"

	Per annum rates and steps						
	1	2	3	4	5	6	7
Carriers in rural delivery service:							
Fixed compensation per annum.....	\$1,841	\$1,866	\$1,951	\$2,006	\$2,061	\$2,116	\$2,171
Temporary rate.....	2,081	2,136	2,191	2,246	2,301	2,356	2,411
Compensation per mile per annum for each mile up to 30 miles of route.....	65	67	69	71	73	75	77
For each mile of route over 30 miles.....	22	22	22	22	22	22	22
Temporary carriers in rural delivery service on routes to which no regular carrier is assigned:							
Fixed compensation per annum.....	1,841						
Temporary rate.....	2,081						
Compensation per mile per annum for each mile up to 30 miles of route.....	65						
For each mile of route over 30 miles.....	22						
Temporary carriers in rural delivery service on routes having regular carriers absent without pay or on military leave.....	(1)	(1)	(1)	(1)	(1)	(1)	(1)
Substitute carriers in rural delivery service on routes having carriers absent with pay.....	(1)	(1)	(1)	(1)	(1)	(1)	(1)

¹ Basic compensation authorized for the regular carrier.

(c) In section 302 (c) strike out "\$4,700" and insert "\$5,275 during the period referred to in section 304 (c) or \$5,035 thereafter."

(d) In section 303 (a) strike out the fourth-class office schedule and insert the following schedule:

"Fourth-class office schedule"

Gross receipts	Per annum rates and steps						
	1	2	3	4	5	6	7
\$1,300 to \$1,499.99.....	\$2,703	\$2,793	\$2,883	\$2,973	\$3,064	\$3,154	\$3,244
Temporary rate.....	2,829	2,923	3,017	3,111	3,207	3,301	3,395
\$900 to \$1,299.99.....	2,477	2,560	2,642	2,725	2,808	2,891	2,973
Temporary rate.....	2,592	2,679	2,765	2,852	2,939	3,025	3,111
\$600 to \$899.99.....	2,027	2,095	2,163	2,231	2,298	2,366	2,434
Temporary rate.....	2,121	2,192	2,264	2,335	2,405	2,476	2,547
\$350 to \$599.99.....	1,577	1,630	1,682	1,735	1,788	1,840	1,893
Temporary rate.....	1,650	1,706	1,760	1,816	1,871	1,926	1,981
\$250 to \$349.99.....	1,127	1,164	1,202	1,239	1,277	1,315	1,352
Temporary rate.....	1,179	1,218	1,258	1,297	1,336	1,376	1,414
\$200 to \$249.99.....	901	931	961	991	1,021	1,051	1,081
Temporary rate.....	943	974	1,006	1,037	1,069	1,100	1,131
\$100 to \$199.99.....	676	699	721	744	766	789	812
Temporary rate.....	707	732	755	779	802	826	850
Under \$100.....	450	465	481	496	511	526	541
Temporary rate.....	471	487	503	519	535	550	566"

(e) In section 304 insert the following new subsection:

"(c) Wherever a temporary per annum rate is provided by a basic salary schedule contained in this title, such temporary rate shall be in effect, in lieu of the regular scheduled rate, for the period beginning on the effective date of this amendment and ending 3 years after such date."

SEC. 2. (a) The annual rate of basic salary of any officer or employee whose basic salary by reason of the provisions of section 504 of the Postal Field Service Compensation Act of 1955 is at a rate between two scheduled rates, or above the highest scheduled rate, in the postal field service schedule, the rural carrier schedule, or the fourth-class office schedule, whichever may be applicable, is hereby increased by an amount equal to the amount of the increase made by this act in the next lower rate in such schedule.

(b) As used in this section, the term "basic salary" has the same meaning as when used in the Postal Field Service Compensation Act of 1955.

SEC. 3. No increase under the provisions of this act shall be construed to be an equivalent increase within the meaning of section 401 (a) of the Postal Field Service Compensation Act.

SEC. 4. The Governor of the Canal Zone is authorized and directed to grant, effective as of October 1, 1957, increases in the compensation of postal employees of the Canal Zone Government comparable to those provided by this act for similar employees.

SEC. 5. This act shall have the same force and effect within Guam as within other possessions of the United States.

SEC. 6. (a) Retroactive compensation or salary shall be paid by reason of this act only in the case of an individual in the service of the United States (including service in the Armed Forces of the United States) or the municipal government of the District of Columbia on the date of enactment of this act, except that such retroactive compensation or salary shall be paid (1) to a postmaster, officer, or employee who retired during the period beginning on the first day of the first pay period which began on or after October 1, 1957, and ending on the date of enactment of this act for services rendered during such period and (2) in accordance with the provisions of the act of August 3, 1950 (Public Law 636, 81st Cong.), as amended, for services rendered during the period beginning on the first day of the first pay period which began on or after October 1, 1957, and ending on the date of enactment of this act by a postmaster, officer, or employee who died during such period.

(b) For the purposes of this section, service in the Armed Forces of the United States, in the case of an individual relieved from

training and service in the Armed Forces of the United States or discharged from hospitalization following such training and service, shall include the period provided by law for the mandatory restoration of such individual to a position in or under the Federal Government or the municipal government of the District of Columbia.

SEC. 7. (a) This act shall take effect as of the first day of the first pay period which began on or after October 1, 1957.

(b) For the purpose of determining the amount of insurance for which an individual is eligible under the Federal Employees' Group Life Insurance Act of 1954, all changes in rates of compensation or salary which result from the enactment of this act shall be held and considered to be effective as of the date of such enactment.

Mr. CARLSON. Mr. President, may we have order?

The PRESIDING OFFICER. The Senate will be in order.

Mr. JOHNSTON of South Carolina. Mr. President, S. 27, the postal-pay bill, and S. 734, the classified-pay bill, were reported by the Senate Post Office and Civil Service Committee last spring. They have been pending on the Senate Calendar since that time.

Each of these bills has been reconsidered by the committee in the light of current conditions. The committee has adopted a committee amendment which is not offered to H. R. 5836. In neither case does the committee amendment change materially the increases that will be provided by each bill. In due course the changes made by the committee amendment will be fully explained.

Mr. President, I think the Senate and our Federal employees should be aware of what a tremendous job it is to put together pay bills for such a large work force as we have in the Federal service. The subcommittee, under the chairmanship of the Senator from Oregon [Mr. NEUBERGER], held long and exhaustive hearings last spring. They held many meetings and finally reported my bills to the full committee. The full committee spent many sessions going over the bills; and finally they were reported to the Senate. Unfortunately, the legislative situation that existed last year did not permit their being considered on the floor of the Senate.

Immediately upon the convening of Congress this year the subcommittee as-

sembled, and during the course of a series of meetings reconsidered the bills. The current thinking of the subcommittee was then presented to the full committee in the form of suggested committee amendments to the bills. The full committee promptly met and considered each amendment carefully.

Thus, I am in a position to state, without fear of contradiction, that the bills as proposed to be amended reflect the considered judgment of the committee as to what is equitable, what is fair, what is needed, and what is proper, if we are to do justice to our Federal employees.

Mr. President, it is difficult for me to understand how any fairminded person, in possession of all the facts, could possibly justify a position in opposition to the pending bills. I have been closely associated with matters of this kind for a good many years. Never, during that period of time, have I believed a pay increase more justified than at the present moment. As evidenced by the vote on the pay bills last year, the majority of Congress felt that the employees should have been given an increase at that time. An increase is even more justified today.

Both S. 27, the postal pay bill, and S. 734, the classified bill, provide a basic 7½-percent increase. In my opinion, this is completely inadequate. Certainly, the increase in the cost of living, which has occurred during recent years, justifies a greater increase. I personally would not be frightened or intimidated by the threat of another veto. Presidential vetoes have become "old hat" to those of us who have tried to deal fairly with our Federal employees. That being the case, I would be willing to vote for the kind of bill that I think is justified, and if it was vetoed, I would vote to override the veto. That is how I personally feel.

We passed a more liberal bill last year and sent it to the President. So far as I am concerned, I would again vote for the same kind of bill and send it back to him.

However, there are many who think the situation so desperate that it would be best to act on less liberal bills than are justified in order to assure their being approved by the President. That is the situation confronting us today as we are about to take up the pay bill.

The President recommended a 6-percent increase. It has been reported in the press that he will accept a 7½-percent increase, but that he will not accept anything above that figure. The classified bill certainly should be completely acceptable because it comes within that limit. The postal bill, while providing a 7½-percent increase to all employees, gives, in addition thereto, a small pittance to the lower paid employees. It gives \$240 a year to employees in the lower 5 levels, \$160 a year to employees in level 6, and \$80 a year to employees in level 7. These extra amounts were added because the employees in these levels serve in their jobs on a career basis. They enter the service as a clerk or carrier, and they retire 30 years later from the same job.

They do not have opportunity to advance. They are neighbors of yours and

neighbors of mine. They are substantial citizens of every community. They have families. Their children go to school with your children and with my children. They are deserving of a decent wage. The salary they are presently receiving is not decent, to my way of thinking. It is not sufficient for them to support their families. The 7½-percent basic increase, plus the small cost-of-living allowance, is all too little. I would like to see it much greater.

I do not understand how anyone can call it unreasonable or can claim that it will distort or throw out of line the pay schedule. Charges of that kind have no basis in fact. They are simple devices used to cloud the issue.

The real objection on the part of those who protest is that it will cost money. Certainly it will cost money. We cannot give \$1 to our postal employees without its costing one-half million dollars, because that is the number of employees in the postal service. When \$240 a year is added to the pay of 500,000 postal clerks and carriers, the bill cannot help being 240 times 500,000, but I am unwilling to let that sway me in my judgment of the merits of the case.

Mr. President, I think it only simple justice, long past due, that the amendments be adopted without modification.

I understand the junior Senator from Kansas [Mr. CARLSON] will offer an amendment to eliminate the cost-of-living increase in the lower grades.

I appeal to the Senate to adopt the proposed amendment with one change, as follows:

Strike out "October 1, 1957," wherever it appears, and insert in lieu thereof "January 1, 1958."

The amendment to the amendment is offered on behalf of the Senator from Oregon [Mr. NEUBERGER], the Senator from Oklahoma [Mr. MONROE], the Senator from North Carolina [Mr. SCOTT], the Senator from Idaho [Mr. CHURCH], and myself.

The original amendment provides that it shall become effective October 1, 1957. The amendment to the amendment provides that the effective date shall be January 1, 1958.

The PRESIDING OFFICER. The amendment to the amendment will be stated for the information of the Senate.

The LEGISLATIVE CLERK. In the amendment of Mr. JOHNSTON of South Carolina it is proposed to strike out "October 1, 1957," wherever it appears, and insert in lieu thereof "January 1, 1958."

Mr. CARLSON. Mr. President, will the Senator yield?

Mr. JOHNSTON of South Carolina. I yield.

Mr. CARLSON. Do I understand correctly that the Senator from South Carolina has asked unanimous consent that the original amendment be modified by the amendment he has just offered?

Mr. JOHNSTON of South Carolina. I want that understood.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from South Carolina, for himself and other Senators, to the original amendment proposed by him.

The amendment to the amendment was agreed to.

The PRESIDING OFFICER. The amendment is open to further amendment.

Mr. JOHNSTON of South Carolina. Mr. President, the Senator from Oregon [Mr. NEUBERGER] held all the hearings on the pay bill. He was the chairman of the subcommittee and was present at all the hearings. He will handle the amendment on the floor.

Mr. NEUBERGER. I thank the able chairman of the Committee on Post Office and Civil Service.

Mr. President, I shall be brief, because I believe the amendment is quite well understood by every Senator.

The amendment under consideration has been on the Senate Calendar since early last year. For that reason, and further because it is not particularly complex, I am confident it is rather well understood. On that premise, I shall at this point merely summarize briefly the amendment and then explain in somewhat greater detail the changes that will result by its adoption.

S. 27—the postal pay bill, which is the pending amendment—provides a permanent increase of 7½ percent to all employees in the postal service, except a handful in the top pay level who are now receiving the ceiling salary of \$16,000. In addition to the permanent increase of 7½ percent, a temporary cost-of-living adjustment is made in the lower 7 levels. Employees in the bottom 5 levels would be given an additional \$240 a year, employees in level 6 would receive an additional \$160 a year, and employees in level 7 an additional \$80 a year. The bill, as reported, would make the cost-of-living adjustments in the lower 7 levels continue for 2 years after the effective date of the increase. Also, the effective date would be "the first day of the first pay period which begins after the date of enactment."

As chairman of the subcommittee which drafted this bill, I am confident it is merited legislation.

The committee amendment makes but two substantive changes: First, it would continue the cost-of-living adjustments for 3 years instead of 2; second, with the amendment of the Senator from South Carolina [Mr. JOHNSTON] which has just been adopted, it would make the increases effective with the first pay period commencing on or after January 1, instead of after the date of enactment. All other changes made by the amendment are of a technical nature necessary and customary in bills having a past rather than a future effective date.

Mr. President, I desire now to talk to three points. First, Why a pay raise? Second, Why the additional cost-of-living adjustment in the lower seven levels? Third, Why January 1 of this year has been made the effective date.

WHY A PAY RAISE?

During the course of long and searching public hearings held early last spring, an irrefutable case was made for an immediate increase in the pay of postal workers and other Federal employees. It was established clearly and convincingly that the pay of Federal employees has

not kept pace with the pay of their counterparts in private industry. Even more shocking was the evidence that the Government is, in many instances, paying its employees well below the minimum necessary to maintain themselves and their families in decency. This has caused many of our best employees to leave the Federal service and a large percentage of those who have stuck it out to obtain second and even third jobs on the outside in order to supplement their family rent and grocery funds. Every Member who sat through those hearings was convinced that such a situation is not fair; that it is a sorry reflection on Uncle Sam as an employer, and that it is not conducive of either efficiency or economy in the conduct of essential public services.

WHY THE ADDITIONAL COST-OF-LIVING ADJUSTMENT IN THE LOWER PAY LEVELS OF THE POSTAL SERVICE?

First, let us get one fact straight. The pay schedule for the postal field service is man-made. The schedule is not exactly what the administration and the Post Office Department first recommended to Congress. It is not precisely the same as approved in the House. Neither does it jibe fully with the schedule approved in the Senate. Certain changes were made here and there in the schedule at each step along the way before its enactment into law several years ago. I doubt that anyone was satisfied at the time of its enactment that it was completely equitable and satisfactory in every detail. I strongly suspect there was complete agreement on two points only. First, that it was a progressive piece of legislation, and, secondly, that from time to time as weaknesses in the schedule became apparent, they would be repaired by appropriate changes.

So let us put to rest the false myth—some opponents of the bill would have us believe—that the existing schedule is something sacred not to be touched or changed by human hands.

Second, let us see what changes in the schedule are proposed and at the same time look at the reasons why they are proposed.

The bill increases every pay rate in the schedule by 7½ percent. That action gives an employee at the bottom of the pay schedule an increase of \$215 a year. It gives the employees at the top, that is, level 19, an increase of \$1,000 a year. Worded another way, the employee at the entrance rate of level 19 today receives \$11,120 more per annum than the employee at the entrance rate of level 1. After an across-the-board increase of 7½ percent, the spread between these two employees would be expanded to \$11,905. In other words the difference between the two would be increased by \$785.

Besides the 7½ percent across-the-board increase, the amendment would add \$240 in the lower 5 pay levels, \$160 in level 6, and \$80 in level 7. How would that affect the relationship between rates. As indicated earlier, the present difference between the salary of the employee at the entrance rate of level 19 and the employee at the entrance rate of level 1 is \$11,120. After the 7½ percent in-

crease across-the-board and the addition of the \$240 cost-of-living adjustment, the spread would be \$11,665 or \$545 greater than it now is. So, let not Senators be deceived by talk that the pay schedule will be distorted or that the action will further compress the schedule or that the adjustment is unfair to employees in the higher pay brackets. Charges of that kind are simply not so.

What is the justification for the cost-of-living adjustment in the lower pay levels and not in the higher levels of the postal schedule? Why was it done only in the postal schedule and not in the general schedule of the Classification Act?

The explanation is very simple. The committee discovered a special situation literally crying for special attention. When the family dentist discovers that a pain in a patient's jaw stems from a cavity in one tooth, he promptly fills it. He does not cap every tooth in his mouth. That is exactly what the committee discovered and exactly what the amendment does. It fills a cavity in our Federal pay structure.

Let me explain briefly the nature and extent of the cavity and how it developed.

The pay of approximately 1 million of our Federal employees is fixed under the Classification Act. The typical employee under that act is described as one who enters the service when he is single, and at a young age, at grade GS-2 or GS-3. By the time he becomes engaged, he has moved up a grade. When he gets married, he has advanced another grade. With the birth of his first child, he has advanced still another grade. When the child is ready for school, he is in yet a higher grade. And so it goes, throughout his full career. He climbs the pay ladder, step by step, in consonance with increased expenses and family obligations.

A similar situation does not prevail in the postal service. The typical employee who enters the service as a clerk or letter carrier at a young age, retires some 30 or 35 years later still as a clerk or carrier.

I wish to emphasize that point very strongly to the Senate. The postal structure is not susceptible of the same type of analysis as the classified structure generally.

I repeat that the typical employee who enters the postal service as a clerk or letter carrier at a young age, retires some 30 or 35 years later, and very probably still is a letter carrier or a mail clerk when he retires. That is not because he has less ability or less initiative than does the employee who is subject to the Classification Act. No, indeed, it is not. It is because in the postal service the opportunity for advancement does not exist to the same degree as it does elsewhere in the Government.

Again I wish to stress the fact that the postal service has a high type of personnel, composed of dedicated men and women of high ability and faithfulness.

To bring the point home a bit more forcefully, I should like to call attention to the fact that of the 519,000 postal employees, more than 420,000 are paid at

level 4 rates or below. The top rate of level 4 is \$4,410. In other words, we are operating a \$3 billion a year business with employees, 4 out of 5 of whom receive less than \$4,500 a year.

Who are these employees? They are the carriers who trudge daily to our doorsteps or places of business. They are the men who work from dark to dawn, sorting our mail, so it will be ready for delivery as each carrier starts his early morning rounds at an hour before most of us are out of bed. They are the rural carriers who help unite and bring closer together the farms of our Nation. They are our neighbors. They are members of our communities. Their children run and play and go to school with our children.

Thus, the committee was confronted with a plain question of human values and a problem that strikes at the very heart of our postal system.

The solution lies in paying these employees—at least during periods of excessive inflation—a family wage, rather than a job wage. To argue otherwise would be to contend that these positions which, traditionally, have been filled by responsible heads of families in every city, town, and hamlet of the Nation, are no longer suitable for that purpose. The effect of following a course that could not but lead to that result would be reflected in the integrity, quality, and eventual cost of our postal service. That, in my opinion, would be much too high a price to pay for false and unwise economy.

The third point to which I wish to speak is "Why January 1 has been made the effective date?"

The Subcommittee on Federal Employees Compensation, of which I have the honor to be chairman, acted favorably on the pay bill on July 11, 1957. The full committee, under the leadership of the distinguished senior Senator from South Carolina [Mr. JOHNSTON], reported the bills on July 22, 1957. On August 27, 1957, this body, by an overwhelming vote of 69 to 17, approved a House bill in lieu of S. 27, and sent the House bill to the President.

If we were right at that time in believing that a pay increase was then justified, we would be wrong now if we ignored completely the inequity which has been endured by these loyal employees during some of the time that has elapsed.

I wish to stress the point that the cost of living has risen substantially for these people and their families since the President vetoed the bill last summer. All of us know that, and the figures of the Bureau of Labor Statistics bear it out very conclusively.

I should like to make one more point, and then I shall conclude: This year the President has recognized the need for a pay increase. I think in this instance, as in many other instances, he is much behind the times. I think the need for an increase should have been apparent to him last year, as it was to the majority of the Members of both branches of Congress. Be that as it may, the cost of the bill recommended by the administration is estimated at \$165 million. The

annual cost of the amendment will be \$188 million for the permanent increases, and \$121 million for the temporary cost-of-living adjustments. Together, these amount to \$309 million annually, or \$144 million in excess of what the President recommended. The difference amounts to \$5 a week per employee. The difference is a small amount indeed—perhaps too small.

Mr. President, I suggest that the adoption of this amendment is long overdue. It is a good amendment. It is fair. It is needed. It will do much to raise the morale of our postal employees. It will not cost money in the long run. It will save money. I am confident that the employees will respond with their usual diligence and devotion to duty to such a degree that their increased productivity and efficiency will go far towards offsetting the immediate increase in payroll figures.

Mr. LANGER. Mr. President, at this point will the Senator from Oregon yield for a question?

The PRESIDING OFFICER (Mr. BIBLE in the chair). Does the Senator from Oregon yield to the Senator from North Dakota?

Mr. NEUBERGER. I yield for a question to the distinguished Senator from North Dakota.

Mr. LANGER. Was it not developed, in the course of the testimony, that the wives of a great many of the letter carriers have to take jobs, too, in order to make a living for their families?

Mr. NEUBERGER. Not only that, but the men themselves have to engage in so-called "moonlighting," which means that after they end a long, hard day of work at their post-office jobs, a long day of pounding the pavement, while carrying a 35-pound mail sack, they have to drive a taxicab or pump gasoline at night, in order to be able to take care of the financial needs of their families. The Senator from North Dakota is quite correct in his suggestion.

Mr. LANGER. Is it not also true that the cost of living has steadily risen, so that it is most imperative that the retroactive feature be included?

Mr. NEUBERGER. Again the Senator from North Dakota is correct. Our subcommittee received testimony—as I know the able chairman of the full committee will agree—that many of these families are actually in dire financial straits and distress, bordering on poverty. We received testimony that many of them cannot pay even small medical bills of \$5, \$6, \$7, or \$8 a month, and are unable to buy proper, nutritious food for their children or to buy the clothing they need. All of us are aware of what has happened.

When we see the mail clerks paid \$4,000 or \$4,400 a year, and when we realize that virtually all of them are the heads of families, we know that the existing salaries are inadequate.

Mr. LANGER. Mr. President, will the Senator from Oregon yield for a further question?

Mr. NEUBERGER. I am happy to yield.

Mr. LANGER. Is it not true that the testimony showed that sometimes when

the heads of such families buy milk, all the milk they can afford to buy has to be consumed by the children; the parents cannot afford to drink any of it?

Mr. NEUBERGER. We received all sorts of testimony bearing out what the Senator from North Dakota has stated.

Mr. LANGER. Did not the testimony also show that a similar situation often existed in the case of meat? I remember that the committee received testimony showing that the situation in the case of milk was similar to that in the case of meat, and that many of the families of the postal workers have been trying to live on hamburger sandwiches.

Mr. NEUBERGER. And some of them cannot even afford to buy hamburger.

Mr. LANGER. Yes. Furthermore, if they are able to buy hamburger, what they buy is not good; it is entirely different from the good meat available in North Dakota. We understand that many of these families are so short of funds that the hamburger they buy, when they can afford to, practically dissolves between their teeth. Such food is far different from the meat available to the people of North Dakota, who, when they wish to make a meat sandwich, are able to obtain good, wholesome meat for that purpose.

Mr. NEUBERGER. Mr. President, the Senator from North Dakota is a member of the committee, and he heard all the testimony in favor of the making of the pay increase here proposed.

Mr. LANGER. Mr. President, does not the distinguished Senator from Oregon believe that the effective date should be the date when the other bill was vetoed by the President?

Mr. NEUBERGER. Perhaps, in equity and fairness, it should be the date when the President vetoed the other bill. However, I am anxious to have the Senate pass the best possible bill which can be passed for the benefit of the postal employees. Delay will mean further hardship for them. Therefore, it seemed to me best to join the distinguished chairman of the committee in the compromise which was suggested; namely, to have January 1 established as the effective date.

In other words, it seemed to me preferable that we agree on a compromise which would have an opportunity of early enactment. In that connection, I emphasize the word "early."

Mr. LANGER. Does the Senator from Oregon agree with me that the annual cost would be less than the amount of money our country has given to Yugoslavia and other Communist countries?

Mr. NEUBERGER. Mr. President, I do not think there is a direct relationship between this measure and foreign aid. I believe we should live up to both our foreign-aid responsibility and our responsibilities to the postal workers.

Mr. LANGER. That is true. However, is it not a fact that the amount proposed for the benefit of the postal workers would be less than the amount the Congress has voted to have sent by the United States to such foreign countries?

Mr. NEUBERGER. I am not prepared to comment on that point. My concern

is to have the fairest possible amount provided for postal employees.

Mr. McNAMARA. Mr. President, will the Senator from Oregon yield to me?

Mr. NEUBERGER. I yield.

Mr. McNAMARA. I desire to congratulate the Senator from Oregon. I realize his keen interest in the postal pay bill.

Does not he reluctantly go along with the idea of tying the postal pay increase to the postal rate bill?

Mr. NEUBERGER. Yes, I have considerable reluctance about that. I have felt in my heart and soul that they were separate issues.

I felt they were separate for one basic reason. I do not want to risk establishing a precedent that we are going to grant a wage increase to all our postal employees only when we increase postal rates. That would be especially perilous because, for example, first-class mail rates have not been increased for 26 years. First-class mail rates comprise the vast bulk of the income of the Post Office Department. During the 26 years that have elapsed, the cost of living has repeatedly soared, and dire personal financial needs have affected all postal employees and their families.

For these reasons, I have some doubt and trepidation in establishing a precedent which might haunt us and the postal employees and all concerned.

Mr. McNAMARA. It is my greatest fear that, from the long-range standpoint, we shall be doing violence to the employees of the Post Office Department by following this procedure. I hope the RECORD will spell out that that is not the intent of the committee, and it is not the recommendation of the committee that any such interpretation should be placed on our action.

Mr. NEUBERGER. Let us be candid about the situation we face. All of us know that the President of the United States, the present occupant of the White House, has certainly been indifferent to a postal pay increase. I think he has vetoed several bills looking toward such a goal in recent years. Many of us who are as fervently interested in the welfare of postal employees, as are the Senator from Michigan and I, have felt that a pay raise would be more acceptable if it were attached to the postal rate bill. Those of us who have taken that position have done so conscientiously and sincerely.

I have felt that if we sent to the White House simultaneously, or almost simultaneously, an adequate rate-increase bill, the President of the United States, even though he was not of our party, would certainly search his own soul and heart very, very painstakingly before he would veto a bill to grant more equitable treatment to the postal employees. That has been my own position.

Mr. McNAMARA. I have noticed from a reading of the newspapers this week that, because of the increase in the cost of living, employees who have a cost-of-living section in negotiated contracts with their employers, have been granted a 3-cent-an-hour increase. My understanding is that is the tenth such allowance received by them in the past 12 months.

Our postal employees are so far behind, in comparison with any other workers, that I do not know how anyone can be worried about a bill being vetoed. At least, anybody who knows what is going on at all would certainly have to go along with much more of an increase than is being proposed at this time.

Mr. NEUBERGER. The Senator from Michigan has certainly brought out a very cogent point. To me this proposal is the absolute minimum which the postal employees should receive. The Senator from Michigan has pointed out to us—and he always makes very valuable suggestions in debate—the substantial increases repeatedly received by the wage-board employee of the Government. One can wonder what inducement there is for an ambitious and intellectual person to go into the postal service when he can be a wage-board employee, working at carpentry or some other trade, and receive proper wage increases, without having to wait out a long, slow, laborious, tedious legislative process.

Mr. McNAMARA. I conclude by saying that I am opposed to tying the two together. I shall vote for the bill reluctantly, because it might set a very bad precedent.

Mr. LANGER, Mr. JOHNSTON of South Carolina, and Mr. PROXMIRE addressed the Chair.

The PRESIDING OFFICER. Does the Senator yield; and if so, to whom?

Mr. NEUBERGER. I yield first to the Senator from North Dakota. Then I shall yield to the Senator from South Carolina and to the Senator from Wisconsin, in sequence.

Mr. LANGER. Mr. President, I simply wish to say that I think the increase is deplorably low. I wish to comment on the question of the precedent which might be set. The Monroney-La Follette bill provided that there would never be another special committee created. Yet during all the years since the Monroney-La Follette bill was enacted, the Senate has time and again avoided that precedent and that law and has created special committees, as the Senator from Oregon very well knows. I do not think we shall be establishing any precedent at all today by tying the two bills together. The bill certainly will go a long way toward avoiding a veto, in my opinion.

Mr. NEUBERGER. I now yield to the Senator from South Carolina.

Mr. JOHNSTON of South Carolina. I believe the Senator from Oregon will agree with me that no member of the committee said he was in favor of tying the two propositions together because he thought the Federal employees of the Post Office Department should not get an increase if a rate bill was not passed. Is that not also a fact?

Mr. NEUBERGER. That is exactly correct.

Mr. JOHNSTON of South Carolina. We did not want this action to be taken as a precedent that there must be an increase in postal rates before Federal employees in the Post Office Department can get a raise in the future. We want that clearly understood. Is that not true?

Mr. NEUBERGER. It not only is true, but I think it is extremely essential that we build the legislative history here on the floor of the Senate today, so that when the matter comes up in the future, as undoubtedly it will, it will be explicitly understood that the Members of the Senate who took this position did not regard any coupling together of these bills as a precedent which had to be followed on similar future occasions.

Mr. JOHNSTON of South Carolina. Is it not also true that the matter is being handled in this way in order to expedite action? A bill to increase postal rates has passed the House and is now in process of passing the Senate. Also, last year a bill providing increased pay for postal workers was passed. The appropriate committee of the House had hearings on the bill.

Mr. NEUBERGER. That is correct.

Mr. JOHNSTON of South Carolina. The House bill was sent to the Senate last year. We used the House bill last year. Now we are coupling the two measures in the bill presently before the Senate in order to expedite matters, both respecting postal rates and pay and classified pay.

Mr. NEUBERGER. The Senator is quite correct.

Mr. JOHNSTON of South Carolina. So it cannot be said that hearings have not been held in the House of Representatives, that it has not passed upon the facts, or that a similar bill has not been reported in the House.

Mr. NEUBERGER. The House has had ample hearings and ample debate and full discussion. I thank the chairman of the committee for his helpful comments on this issue.

I now yield to the distinguished Senator from Wisconsin.

Mr. PROXMIRE. Mr. President, as a member of the compensation subcommittee, along with the Senator from Oregon—

Mr. NEUBERGER. The Senator from Wisconsin is a very valued member.

Mr. PROXMIRE. I should like to congratulate the Senator from Oregon as a real champion of postal workers. I do not mean a champion only in Oregon, but a champion in Wisconsin, and all over the country. I think he has done an extremely good job under the circumstances.

I should like to emphasize one point. I have found in traveling through the State of Wisconsin, and in the last 5 years I have been in every county at least 12 times, in every village and city throughout the State it is the rule—not the exception, but the rule—for postal workers to have two jobs, or that their wives work, even though they have small children. Such a situation is not exceptional, but is usual among postal employees in the first 4 or 5 classes, the ones most affected by the increase in the cost of living. They are required to have two jobs or have their wives work.

I earnestly hope the \$240 proposal of the Senator from Oregon will prevail.

Finally, I should like to say that I, too, greatly deplore the necessity, if it is a

necessity, for tying in the postal pay bill, which I enthusiastically support and which is so urgently needed, with the increase in the letter rate to 5 cents rather than an increase to 4 cents.

I know some of my distinguished colleagues may not have that conflict, but I have it, and I hope they will believe me when I state it is going to be an extremely difficult vote for me to cast, because I feel very deep sympathy for the postal employees, but I think it is a great mistake to increase the rate for first-class mail to 5 cents.

Mr. NEUBERGER. I thank the able Senator from Wisconsin, who is one of the most outstanding and helpful members of the Federal Compensation Subcommittee, which reported the pay bill. The conditions the Senator has observed in Wisconsin parallel those I have found to exist in my State of Oregon.

In the testimony which was presented before our committee, it was stated that from 60 to 70 percent of the postal employees in the lower grades have other jobs, and about 40 percent of the families are in such situations that the wives additionally have to work. We sometimes wonder what this condition does to family life and what contribution it makes toward juvenile delinquency and the other conditions which all of us deplore so much.

Mr. CARROLL. Mr. President, will the Senator yield?

Mr. NEUBERGER. I yield to the able Senator from Colorado.

Mr. CARROLL. Mr. President, I desire to associate myself with the remarks of the distinguished junior Senator from Wisconsin as to the very able presentation made by the junior Senator from Oregon. The conditions which have been explained and outlined by both able Senators are identical with the conditions as they exist in Colorado. I know how difficult it will be for some of us to vote for the bill under the existing circumstances, but I feel we must consider the dire need, the desperate need, of the working people of the Post Office Department. We will have to march, I should say, in the face of our real misgivings about the bill as it will be passed, in my opinion, and the postal rate which will be imposed upon those who really should not pay as much as will be imposed upon them.

I desire to add one further comment. The excellent and superb work done by the distinguished junior Senator from Oregon, not only in this debate, but through the months and through the years, fighting for these people, is appreciated not only in Oregon and in Wisconsin but also in Colorado. I know the postal workers of Colorado join with me in commending the able junior Senator from Oregon for what he has done and will do in their behalf.

Mr. NEUBERGER. I thank the Senator from Colorado for his very great, though slightly exaggerated, kindness to me.

Mr. LAUSCHE and Mr. SPARKMAN addressed the chair.

Mr. NEUBERGER. Mr. President, I yield first to the Senator from Ohio [Mr. LAUSCHE], and then I shall yield to the Senator from Alabama [Mr. SPARKMAN].

Mr. LAUSCHE. I thank the Senator very much.

The PRESIDING OFFICER. The Senate will be in order. It is impossible for the Senator to be heard.

The Senator may proceed.

Mr. LAUSCHE. Can the Senator tell me what the percentage of the pay increase will be in the event the recommended bill is passed? I understand the President recommends a 6 percent pay increase, which would cost \$165 million. The measure which has been recommended by the committee with the 7½-percent pay increase would cost \$188 million, and an additional \$121 million to reflect the cost of living increase, or a total of \$309 million. My question is, what will be the percentage of the pay increase if the recommended proposal is adopted?

Mr. NEUBERGER. It is my understanding that it is an average across-the-board increase of approximately 12 percent. The explanation is that most of the postal employees are in the lower five grades.

Mr. LAUSCHE. The President recommended a 6-percent pay increase. Can the Senator tell me what the percentage of increase would be if the provisions of the House bill of last year were to be adopted?

Mr. NEUBERGER. I believe the House bill of last year provided approximately 11 percent, if I am not mistaken. It was an across-the-board increase of something like \$545. I am trying to compute that in percentages in my mind, without papers. I think the increase was around 11 percent.

Mr. LAUSCHE. To summarize, then, the President has recommended a 6-percent pay increase, which would cost \$165 million; and the committee, in effect, has recommended an approximately 12-percent pay increase.

Mr. NEUBERGER. Approximately 12 percent is provided in the amendment now under consideration.

Mr. LAUSCHE. The 12-percent pay increase would cost \$309 million. The bill as passed by the House last year involved an increase per employee of \$545?

Mr. NEUBERGER. Five hundred and forty-five dollars across the board.

Mr. LAUSCHE. That provided approximately an 11-percent increase?

Mr. NEUBERGER. About 11 percent. I cannot vouch precisely for that figure, but I believe it was approximately 11 percent.

Mr. SPARKMAN. Mr. President, will the Senator yield?

Mr. NEUBERGER. I yield to the Senator from Alabama.

Mr. SPARKMAN. I desire to ask two brief questions of the Senator.

In conference, so far as the postal employees' salaries are concerned, under the bill as it will be considered, the matter will be in conference from zero up to approximately 12 percent, since there is no House bill?

Mr. NEUBERGER. The Senator is correct. There is no House bill which has been passed as to this particular issue, because the House bill which we accepted last year was subsequently vetoed by the President of the United States.

Mr. SPARKMAN. The same thing will be true with respect to the classified employees, provided such provisions are added to the bill presently under consideration?

Mr. NEUBERGER. If we adopt the classified pay bill, S. 734, I presume the same situation will be true. I cannot say whether the provisions of that bill will be added to the postal rate-pay package or not.

Mr. SPARKMAN. So far as the postal rate bill is concerned, the bill before the Senate is a House bill, so there will be a wide-open conference on all rates between the rates passed by the House and the rates passed by the Senate.

Mr. NEUBERGER. There will be a wide-open conference between the Senate and the House. The Senator from Alabama is correct in that statement. There are considerable differences, as the Senator knows, in the various classifications and rates in the postal rate bill.

Mr. SPARKMAN. Mr. President, I wish to commend the able Senator from Oregon for the tremendous job he has done in managing the bill on the floor and through the committee.

Mr. NEUBERGER. As always, the Senator from Alabama is very kind.

Mr. CARLSON. Mr. President—

The PRESIDING OFFICER. Does the Senator from Oregon yield the floor?

Mr. NEUBERGER. I yield the floor.

The PRESIDING OFFICER. The Senator from Kansas [Mr. CARLSON] is recognized.

Mr. CARLSON. Mr. President, I send to the desk an amendment which I offer as a substitute for the pending amendment.

The PRESIDING OFFICER. Does the Senator desire to have the amendment to the amendment read, or does he desire to have it printed in the RECORD.

Mr. CARLSON. Mr. President, I ask unanimous consent that the amendment may be printed in the RECORD. I wish to discuss the amendment.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Kansas?

There being no objection, Mr. CARLSON's amendment to the amendment of Mr. JOHNSTON of South Carolina was ordered to be printed in the RECORD, as follows:

At the end of the bill add the following new title:

"TITLE IV. INCREASES IN COMPENSATION OF POSTAL EMPLOYEES"

"SEC. 401. The act entitled 'Postal Field Service Compensation Act of 1955,' approved June 10, 1955 (Public Law 68, 84th Cong.), is hereby amended as follows:

"(a) In section 301 (a) strike out the postal field service schedule, and insert the following schedule:

"Postal field service schedule"

Level	Per annum rates and steps						
	1	2	3	4	5	6	7
1	\$3,128	\$3,236	\$3,344	\$3,452	\$3,560	\$3,668	\$3,776
2	3,352	3,466	3,580	3,694	3,808	3,922	4,036
3	3,612	3,737	3,862	3,987	4,112	4,237	4,362
4	3,969	4,105	4,241	4,377	4,513	4,649	4,785
5	4,210	4,346	4,482	4,618	4,754	4,890	5,026
6	4,546	4,698	4,850	5,002	5,154	5,306	5,458
7	4,917	5,085	5,253	5,421	5,589	5,757	5,925
8	5,308	5,492	5,676	5,860	6,044	6,228	6,412
9	5,733	5,933	6,133	6,333	6,533	6,733	6,933
10	6,293	6,510	6,727	6,944	7,161	7,378	7,595
11	6,921	7,160	7,399	7,638	7,877	8,116	8,355
12	7,619	7,879	8,139	8,399	8,659	8,919	9,179
13	8,388	8,670	8,952	9,234	9,516	9,798	10,080
14	9,221	9,525	9,829	10,133	10,437	10,741	11,045
15	10,142	10,468	10,794	11,120	11,446	11,772	12,098
16	11,174	11,500	11,826	12,152	12,478	12,804	13,130
17	12,366	12,692	13,018	13,344	13,670	13,996	14,322
18	13,885	14,211	14,537	14,863	15,189	15,515	15,841
19	15,188	15,514	15,840	16,166	16,492		
20	17,360						

"(b) In section 302 (a) strike out the rural-carrier schedule, and insert the following schedule:

"Rural carrier schedule"

	Per annum rates and steps						
	1	2	3	4	5	6	7
Carriers in rural delivery service:							
Fixed compensation per annum	\$1,700.00	\$1,749.00	\$1,798.00	\$1,847.00	\$1,896.00	\$1,945.00	\$1,994.00
Compensation per mile per annum for each mile up to 30 miles of route	70.65	72.80	74.95	77.10	79.25	81.40	83.55
For each mile of route over 30 miles	23.87	23.87	23.87	23.87	23.87	23.87	23.87
Temporary carriers in rural delivery service on routes to which no regular carrier is assigned:							
Fixed compensation per annum	1,700.00						
Compensation per mile per annum for each mile up to 30 miles of route	70.65						
For each mile of route over 30 miles	23.87						
Temporary carriers in rural delivery service on routes having regular carriers absent without pay or on military leave	(1)	(1)	(1)	(1)	(1)	(1)	(1)
Substitute carriers in rural delivery service on routes having carriers absent with pay	(1)	(1)	(1)	(1)	(1)	(1)	(1)

"Basic compensation authorized for the regular carrier."

"(c) In section 302 (c) strike out '\$4,700' fourth-class office schedule and insert the following schedule:

"(d) In section 303 (a) strike out the

"Fourth-class office schedule"

Gross receipts	Per annum rates and steps						
	1	2	3	4	5	6	7
\$1,300 to \$1,499.99	\$2,729	\$2,820	\$2,911	\$3,002	\$3,093	\$3,184	\$3,275
\$500 to \$1,299.99	2,503	2,586	2,669	2,752	2,835	2,918	3,001
\$600 to \$899.99	2,048	2,116	2,184	2,252	2,320	2,388	2,456
\$350 to \$599.99	1,593	1,646	1,699	1,752	1,805	1,858	1,911
\$250 to \$349.99	1,137	1,175	1,213	1,251	1,289	1,327	1,365
\$200 to \$249.99	912	942	972	1,002	1,032	1,062	1,092
\$100 to \$199.99	681	704	727	750	773	796	819
Under \$100	456	471	486	501	516	531	546

"SEC. 402. (a) The annual rate of basic salary of any officer or employee whose basic salary by reason of the provisions of section 504 of the Postal Field Service Compensation Act of 1955 is at a rate between two scheduled rates, or above the highest scheduled rate, in the postal field service schedule, the rural carrier schedule, or the fourth-class office schedule, whichever may be applicable, is hereby increased by an amount equal to the amount of the increase made by this title in the next lower rate in such schedule.

"(b) As used in this section, the term 'basic salary' has the same meaning as when used in the Postal Field Service Compensation Act of 1955.

"SEC. 403. No increase under the provisions of this title shall be construed to be an equivalent increase within the meaning of section 401 (a) of the Postal Field Service Compensation Act.

"SEC. 404. The Governor of the Canal Zone is authorized and directed to grant, effective as of October 1, 1957, increases in the compensation of postal employees of the Canal

Zone Government comparable to those provided by this title for similar employees.

"SEC. 405. This act shall have the same force and effect within Guam as within other possessions of the United States.

"SEC. 406. (a) This title shall take effect on the first day of the first pay period which begins after the date of enactment of this act."

Mr. KNOWLAND. Mr. President, will the Senator yield so that I may suggest the absence of a quorum?

Mr. CARLSON. I shall be happy to yield for that purpose, provided I do not lose my right to the floor.

Mr. KNOWLAND. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Aiken	Gore	Monroney
Allott	Green	Morse
Anderson	Hayden	Morton
Barrett	Hickenlooper	Mundt
Beall	Hill	Murray
Bennett	Hoblitell	Neuberger
Bible	Holland	Pastore
Bricker	Hruska	Payne
Bridges	Humphrey	Potter
Bush	Jackson	Proxmire
Butler	Javits	Purtell
Carlson	Jenner	Revercomb
Carroll	Johnson, Tex.	Russell
Case, N. J.	Johnston, S. C.	Saltonstall
Case, S. Dak.	Kefauver	Scott
Church	Kennedy	Smathers
Clark	Kerr	Smith, Maine
Cooper	Knowland	Smith, N. J.
Cotton	Kuchel	Sparkman
Dirksen	Langer	Stennis
Douglas	Lausche	Thurmond
Dworshak	Long	Thye
Eastland	Magnuson	Watkins
Ellender	Malone	Wiley
Ervin	Mansfield	Williams
Flanders	Martin, Pa.	Yarborough
Frear	McClellan	Young
Goldwater	McNamara	

The PRESIDING OFFICER. A quorum is present.

Mr. CARLSON. Mr. President, I regret that I am unable to support the amendment offered by the distinguished chairman of the Senate Post Office and Civil Service Committee. I regret it first because I am in favor of a pay increase to our deserving and dedicated postal employees.

Second, I regret it because I must disagree with the recommendations of the subcommittee and the full Committee on Post Office and Civil Service of the Senate.

Mr. JOHNSON of Texas. Mr. President, will the Senator yield to me for the purpose of making an announcement?

Mr. CARLSON. I yield.

Mr. JOHNSON of Texas. First, Mr. President, I desire to ask for the yeas and nays on the Carlson amendment, so that all Senators may know that we are to have a yea-and-nay vote on the substitute.

Mr. CARLSON. I am very happy to join in that request.

Mr. JOHNSON of Texas. Mr. President, I ask for the yeas and nays on the Carlson amendment.

The yeas and nays were ordered.

Mr. JOHNSON of Texas. I want all Senators to know that at the conclusion of the address of the Senator from Kansas, or at the conclusion of the addresses of other Senators who may wish to speak

on this amendment, there will be a vote on the Carlson amendment. The Senate will remain in session this evening to complete action upon the pending bill and the classified-pay bill. If we are unable to do so, there will be a session tomorrow for that purpose.

Mr. CARLSON. Mr. President, the subcommittee of the Senate Committee on Post Office and Civil Service held extended hearings on various committee proposals, and spent much time and labor in preparing a bill. Members of the committee were sincere. They held deep convictions on the question. When our committee reported the bill, I stated that I would vote to report it, with the understanding that I would offer some amendments when it was considered on the floor of the Senate. Evidently, my views were shared by other Senators, because the bill was reported unanimously.

The pending bill contains some provisions which, I believe, if adopted by the Congress, would prevent it from becoming law.

If that should happen, then our postal employees would not receive pay increases that are fair and justified and needed. President Eisenhower, in his budget message to Congress, recommended pay increases for postal workers, for classified workers, and for military personnel. They total \$1,052 million, which is a substantial sum of money. I should like to discuss the amendment I have offered as a substitute for the amendment offered by the Senator from South Carolina.

My substitute amendment would give all postal employees a flat—and I wish to emphasize that—a flat 8½ percent increase in salary, instead of the 7½-percent increase recommended by the committee, and it would eliminate the unfair and unrealistic "temporary cost-of-living" increases of up to \$240 in the first 7 pay levels of the postal field schedules and in all pay levels of the rural carrier and fourth-class office schedules. It would also eliminate the retroactive features included in the committee amendment.

There are several obvious advantages to the substitute I am proposing which should recommend themselves immediately to the Members of this body.

In the first place, a flat 8½-percent increase will give postal employees a badly needed raise in their salaries now—and I want to emphasize the word "now"—and not merely dangle a possible increase before their hungry eyes, which may or may not be granted to them at some future date.

Second, Mr. President, if I may express a purely personal opinion, I feel confident that an 8½-percent increase, without the added impediments proposed in the committee amendment, can get approval from the House conferees and from the President.

Time after time the President has demonstrated that he will not sign any bill which would disrupt the principles and the differentials embodied in Public Law 68. The so-called temporary cost-of-living increases not only would destroy the differentials established in Public Law 68, but they would be highly

discriminatory against postal supervisors and postmasters in the field.

They would also be unfair to employees who receive them in that they would be summarily withdrawn from them after 3 years—and who of us can say that in 3 years time the cost of living, which these temporary increases are supposed to meet, will not be even higher than it is today?

Mr. President, judging from past experience I am absolutely confident that if those temporary cost-of-living increases are allowed to remain in the bill, they will be the direct cause of a presidential veto.

I am certain we all share the feeling of urgency to give the postal workers an increase in salary now. It would be, in my opinion, foolish, and inhuman if we were to enact legislation which could not get Presidential approval and which would cause an interminable delay in achieving a pay increase for the 500,000 dedicated human beings who make up our postal employee force.

Having had some experience with conferences I wish to mention the fact that if the committee amendment is adopted, and the bill goes to conference—which it will do—we will be very weak on the bill, to say the least, if it contains too many controversial features—and there are enough in the bill already—and that we will be months in reaching agreement on the postal rate-postal pay bill, if it embodies too many such features in it. I am trying to work out a proposal that can be considered in conference, with the assurance that we will get a bill out of conference.

My proposal would cost approximately \$221 million a year, as contrasted with the \$320 million cost of the committee proposed.

My substitute amendment would give regular postal clerks and letter carriers an immediate average wage increase of 18 cents an hour and would bring their average hourly salary up to \$2.29 and the maximum rate, including longevity up to \$2.44 an hour.

But, best of all, Mr. President, my substitute proposal would insure the postal employees of that increase now. The \$221 million provided for by my proposal would start pouring into the pockets of our postal employees immediately. There is, in my opinion, no possibility that it would suffer the agonizing delays which would surely be the fate of any postal pay legislation containing objectionable flat cost-of-living increases for some employees, and not for others, or any legislation containing retroactive features which would cost as much as \$26 million for every month included.

Mr. THYE. Mr. President, will the Senator yield?

Mr. CARLSON. I should like to finish my statement first. However, I yield to the Senator from Minnesota.

Mr. THYE. What would be the effective date of the amendment offered by the distinguished Senator from Kansas?

Mr. CARLSON. I was about to discuss the retroactive features of the bill. My amendment proposes that the increases shall become effective on the first pay period after its enactment into law. I

should like to take a few minutes now to say why the retroactive feature would prove objectionable.

It would impose an intolerable administrative burden on the Post Office Department. I notice that the chairman has amended his proposal which was submitted originally and which carried an October date, and now carries a January 1 date.

Therefore, my figures are not quite accurate on that basis. However, I wish to state some figures and some of the problems which would arise if we enact retroactive legislation. Let us think of all the people on the payroll. Let us think of the people who were on the payroll last October 1 and who were on the payroll on January 1. Let us think of all the people who have retired or died or gone into the military service, or have left for any other reason. Those people would be entitled to retroactive pay. I should like to give some figures as to how many that might be.

The number of employees subject to the provisions of the bill who have died during that period is estimated at 1,900. That is from October 1 to February 1. Furthermore, the States are involved. The total in the categories of retirements in the postal service and deaths is 9,400. I assume that if we are going to do this for the postal service, we will do it also for the classified service. We must give some consideration to that fact.

It is estimated, based upon the same period of time that was used for the postal employees, October 1, 1957, to February 1, 1958, the total number of retirements and deaths in the classified field has been 4,000. Broken down the figure is 3,200 for retirements, and 800 deaths.

I mention that because it is one of the problems which must be considered. I am told that administratively the cost would be a million dollars.

There is no budget provision for the \$26 million a month cost of retroactive payments. This would necessitate huge supplemental appropriations.

In the postal establishment there are at least 100,000 employees on irregular tours of duty. The administrative cost in recomputing the pay of every employee would be intolerably complicated by this factor and would come to at least an additional and unnecessary million dollars a year.

Let us bear in mind the fact that if a man was in grade 5 in October and in grade 7 in January, he would be entitled to retroactive pay. Furthermore, there will be some changes within grades also. That will take a great deal of administrative work. The administrative cost would be complicated by this factor, and would amount at least, as I said earlier, to a million dollars a year, and the problems and complications involved would be tremendous.

Think for a moment of all the thousands of employees who leave the Department, or Government service itself, each month. Think of the thousands upon thousands of employees who transfer to other agencies of Government.

Payment of these employees would be extremely complex. Thousands of

claims would have to be adjudicated in the departments and in the General Accounting Office if this bill were to be made retroactive.

And it would all be so unnecessary.

Mr. President, I say we should forget about these complicating factors.

Let us give the postal employees a salary increase now. Let us give it to them in the simplest, fairest, most direct way—in the form of a straight 8½ percent increase for everyone.

I should like to remind my colleagues that the Committee on Post Office and Civil Service for the other body has already approved a straight percentage increase, without retroactive features, for all postal employees. If we approve a straight percentage increase, such as I am proposing, we shall be establishing a basis for negotiation with the conferees and we shall be avoiding unnecessary and time-consuming complications which could only result in postponing even further the badly needed pay increase which every postal employee should get as soon as possible.

Mr. President, in proposing a straight 8½-percent increase for every employee, I am being practical. This is no time for a visionary contemplation of what might be possible at some future date, nor is this the time for partisan political consideration.

The postal employees need the money. They need it now.

If we approve the 8½-percent increase which I propose, I feel certain we can give the postal employees the money they need and should have as quickly as our accelerated parliamentary procedures will allow.

This is the simple way, the practical way, the fair way.

It is the way, Mr. President, which we should take.

Mr. NEUBERGER. Mr. President, will the Senator yield?

Mr. CARLSON. I yield.

Mr. NEUBERGER. I wish to reply, with extreme brevity, to the Senator from Kansas. I know he has submitted this alternative with his usual high purposes and good motives.

To begin with, the administrative difficulties which he has mentioned are valid. Still, only yesterday and the day before he himself took the position that the administrative difficulties involved in separate rates for local mail and out of town mail were not a valid point. I supported him in his position. But certainly the point of administrative difficulties was raised, and the Senator from Kansas took a somewhat different position then.

Mr. CARLSON. I admitted it, however.

Mr. NEUBERGER. There are always administrative difficulties when we are dealing with six, seven, or eight hundred thousand able, faithful, Federal employees. The real difficulty in the proposal offered by the Senator from Kansas is that it does not go to the heart of the extraordinary problem involved in the postal service, the problem of the vast bulk of postal employees, virtually every one of them a man with a family. They are rooted during their entire

working careers in grades up to the fifth level—in other words, in the lower grades.

Let me show the Senator what the difference between his proposal and the proposal of the Senate committee would mean to a letter carrier getting about \$4,000 a year—and there are hundreds of thousands of them. An increase of 8½ percent would mean \$340 a year. But the proposal of the committee, 7½ percent plus the \$240 cost-of-living bonus would mean \$540 a year. That is a difference of \$200 a year to a man in the low-income levels in the postal service, who today is having to work part time outside his regular work in order to support his family.

When we add to the \$200 difference the retroactivity difference between the proposal of the Senator from Kansas and that in the bill before the committee, the amount becomes quite substantial.

The Senator from Kansas has made an alternative proposal in good faith, but I regret to say that it does not go to the heart of the matter, namely, the problem of the letter carriers and the mail clerks who constitute the bulk of the postal workers, and whose income is in the lower levels.

Mr. CARLSON. The Senator from Oregon conducted the hearings on the proposed legislation which is before the Senate today. He did outstanding work in the holding of the hearings. I read some of the testimony, and I heard some of it myself. As I have said before, he is entitled to much credit for bringing the bill before the Senate.

I stated that I would vote to report it, but that I did not favor some of the items in the bill. I have today kept my word by submitting amendments to the bill which would secure its approval.

I want to get a pay increase for the postal employees. I have been around the Capitol for many years, on one side or the other. The chairman of the Committee on Post Office and Civil Service and I know something about conferences. We shall be going into a conference with a pay bill attached to a rate bill. The chairman may remember that in 1951 we went to the House with a 4-cent postage bill. A postage bill was passed in 1951. We fought for the Senate's position. Had it been approved, the Post Office Department would not be in the position of having a \$2-billion deficit which has been growing since 1951.

Now we shall be going into conference with a 5-cent postage bill. I can visualize that some problems will arise. We are going into conference with proposed pay legislation. The bill will be controversial, to say the least. When we consider the action taken by the House Committee on Post Office and Civil Service, it does not seem to me that we shall find an adjustment easy.

I dislike to do so, but I predict that we will be in conference for weeks, possibly months. If it takes months, and the bill comes back to the Senate the last of June or July, I doubt very much that we shall have either rate or pay legislation this year. I am sincere in what I say.

Mr. REVERCOMB. Mr. President, will the Senator yield?

Mr. CARLSON. I yield.

Mr. REVERCOMB. I have listened with much attention to the very clear and earnest presentation made by the Senator from Kansas. I know how sincere he is in his proposal. The Senator well knows, as do my colleagues, that I have strongly favored an increase in pay for the postal workers. I supported the bill when it was before the Senate previously and was passed by Congress. I support it again.

Do I correctly understand that in the proposed amendment of the Senator from Kansas the increase in pay is 8½ percent instead of 7½ percent?

Mr. CARLSON. The Senator is correct.

Mr. REVERCOMB. But also that there will be eliminated, if the amendment shall be adopted, the payment of \$240 under the cost-of-living provision. Is that correct?

Mr. CARLSON. That is correct.

Mr. REVERCOMB. Also, do I correctly understand that the raise would go into effect as of the date of the passage of the bill, instead of January 1, 1958, as S. 27, or the amendment of the Senator from South Carolina, now provides?

Mr. CARLSON. That is correct.

Mr. REVERCOMB. I think that clearly presents the situation and sums it up, certainly to my mind.

Has the able Senator given thought to, or would he consider now or at a later time in the course of the discussion, restoring to his own amendment that part of S. 27 which would make the increase of 8½ percent to begin as of January 1, 1958? Therein, it appears to me, is a compromise which may well be considered by the Senate. We might well take, first, the 8½ percent, which is 1 percent more in pay, and then add to it the provision that the bill shall become effective from the first day of January, 1958.

I do not call upon the Senator to answer that question now; I simply ask and propose that he give consideration to it in offering his amendment.

Mr. CARLSON. I appreciate the suggestion made by the Senator from West Virginia. The January 1, 1958, date has much merit; but again I am afraid the conditions will be such that the bill will not pass for months. I do not want to put so much retroactivity into a bill that we know it cannot be approved.

There are two things which must be kept in mind. First, the President recommended a 6-percent increase. I have never discussed my proposal with the White House or anyone else. The 8½ percent proposal is my own. I doubt very much that the committee will take 8½ percent, but I am willing to start the battle for it.

Second, the President, in his budget message to Congress, asked that the postal pay increase be made effective July 1. If the retroactivity is to be made effective as of January 1, 1958, and the bill is not passed until some time later, I have concern about its being approved.

But I will give consideration to the proposal; and if my amendment is adopted, we will go into that later.

Mr. LAUSCHE. Mr. President, will the Senator yield?

Mr. CARLSON. I yield.

Mr. LAUSCHE. The Senator from Kansas made a comment about the pay increase as related to the action of the House. Would he mind repeating that statement?

Mr. CARLSON. I believe the House committee—not the House itself—has already approved an across-the-board increase, with no retroactivity. If the Senate bill with retroactivity is passed, the entire matter will be in conference.

Mr. LAUSCHE. What was the percentage of increase?

Mr. CARLSON. I was in error about the retroactivity. The House bill goes back to August 25, 1957.

Mr. LAUSCHE. What was the percentage of increase?

Mr. CARLSON. Eight percent.

I desire to make a correction, because I want my statement to be right. The House bill provides for from 12 to 15 percent, as I understand.

Mr. LAUSCHE. Will the 12 to 15 percent eventually apply to the 2,500,000 employees in the civil service, or is it likely to apply to them?

Mr. CARLSON. While we are on that point, I may say that we are dealing now only with the postal employees—500,000 of them.

But there are 1,500,000 other Government employees who, so far as I am concerned, will be treated in the same way. I do not like the idea of setting one salary schedule for one class of employees and another schedule for another class of employees. I simply cannot do that.

Mr. MONRONEY. Mr. President, I shall take only 2 minutes.

The argument of my distinguished and beloved friend, the Senator from Kansas [Mr. CARLSON], that the Senate dare not legislate that which today is in its heart and in its mind, leaves me unmoved.

The Senate is supposed to be a legislative body. The threat of a veto by the White House, by way of Postmaster General Summerfield, does not move me; and I do not believe it moves any other Member of the Senate.

Our duty is to do what is necessary—to pass the bill and send it to the White House; and then, if the President cares to veto it, and does veto it, to override the veto by a two-thirds vote.

Senators are not sent to this body to be puppets of the Postmaster General.

Second, with the cost of living at an all-time high, we can do no less than move to make up for a part—it will be only a part—of the increase this administration has created.

Therefore, Mr. President, for the Senate to vote for less than the proposed 7½-percent increase for the 4 lowest grades, with a \$240 cost-of-living bonus, would be improper. The proposed increase will be only common justice.

Mr. President, if it is proper for the postal rates charged to the housewives to be increased 66⅔ percent—as the Senate has voted—then the Senate should vote for more than a 7½-percent pay increase for the men whose backs will bear the great volume of mail.

The PRESIDING OFFICER (Mr. BIBLE in the chair). The question is on agree-

ing to the amendment of the Senator from Kansas [Mr. CARLSON] to the amendment of the Senator from South Carolina [Mr. JOHNSTON].

Mr. JOHNSON of Texas. Mr. President, on this question, I ask for the yeas and nays.

The PRESIDING OFFICER. The yeas and nays have already been ordered.

Mr. KNOWLAND. Mr. President, I shall support the substitute offered by the distinguished Senator from Kansas, the ranking minority member of the Committee on Post Office and Civil Service.

No other Member of this body has given more attention than has he, over a long period of years, to the postal service. No Member has been more interested than has he in the efficiency of the Post Office Department and—of even greater importance—the interests of the postal employees.

The distinguished Senator from Kansas has submitted the amendment in complete good faith, not only in the belief that it provides for an equitable wage increase of 8½ percent, but also in the belief that the amendment has a fair chance of ultimately becoming law.

I believe that each Member of the Senate must, of course, in connection with every piece of proposed legislation, act on his own responsibility, as a part of the legislative arm of the Government of the United States. But Senators are not unmindful of the fact that, as Senators of the United States, they also have some responsibilities relative to the fiscal condition of the Government and the Post Office deficit. The Senate has been attempting to end that deficit, not in toto but in part, by means of making adjustments in the postal rates.

There is no question that a case has been made for making an increase in the wages of the postal workers, just as a case will be made for making an increase in the wages of the employees in the classified service and, ultimately, for an increase in the wages of those in the armed services as well. All these are important. However, the pattern we establish here is bound to have its repercussions on the subsequent legislative measures, both in the case of the wage rates which are set and also in the case of the impact on the Federal Treasury.

It seems to me that the proposal of the Senator from Kansas for an 8½-percent straight across-the-board increase in the pay of the postal workers not only will provide them with an equitable increase but also carries with it at least a fair assurance that it will become law.

Therefore, Mr. President, I hope that the substitute amendment of the Senator from Kansas will be agreed to by the Senate.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Kansas [Mr. CARLSON] to the amendment of the Senator from South Carolina [Mr. JOHNSTON] as amended.

Mr. REVERCOMB. Mr. President, I submit to the Senator from Kansas the

idea of having the bill become effective on January 1, 1958.

Previously I stated I would not insist on such a provision. However; at this time I ask the Senator from Kansas whether he will agree to an amendment to his amendment, so as to have it provide that the bill will become effective on January 1, 1958, instead of on the date of passage. Is the Senator from Kansas willing to amend his amendment in that way?

Mr. CARLSON. Mr. President, I believe such an amendment would be in the third degree.

Mr. REVERCOMB. Will the Senator from Kansas accept such a change at this time?

The PRESIDING OFFICER. The Chair is advised that the Senator from Kansas cannot modify his amendment at this time, except by unanimous consent, in view of the fact that the yeas and nays have already been ordered on the question of agreeing to his amendment.

Mr. REVERCOMB. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator from West Virginia will state it.

Mr. REVERCOMB. Is it in order for a Member of the Senate other than the Senator from Kansas to offer an amendment to the amendment of the Senator from Kansas?

The PRESIDING OFFICER. The amendment of the Senator from Kansas is in the second degree; therefore, it is not subject to amendment.

Mr. CARLSON. Mr. President, I make the definite statement that if my amendment is approved, I will, after its approval, make the date January 1.

Mr. JOHNSON of Texas. Mr. President, I ask unanimous consent that the Senator from Kansas may modify his amendment in accordance with the suggestion which has been made by the Senator from West Virginia.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Texas for unanimous consent that the Senator from Kansas may modify his amendment in accordance with the request which has been made by the Senator from West Virginia?

The Chair hears none, and it is so ordered.

The question now is on agreeing to the modified amendment of the Senator from Kansas.

The yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk called the roll.

Mr. MANSFIELD. I announce that the Senator from Virginia [Mr. BYRD], the Senator from Arkansas [Mr. FULBRIGHT], the Senator from Missouri [Mr. HENNING], the Senator from Wyoming [Mr. O'MAHONEY], the Senator from Virginia [Mr. ROBERTSON], the Senator from Missouri [Mr. SYMINGTON], and the Senator from Georgia [Mr. TALMADGE] are absent on official business.

On this vote, the Senator from Virginia [Mr. BYRD] is paired with the Senator from Missouri [Mr. SYMINGTON]. If present and voting, the Senator from Virginia would vote "yea" and the Senator from Missouri would vote "nay."

The Senator from Missouri [Mr. HENNING] is paired with the Senator from Nebraska [Mr. CURTIS]. If present and voting, the Senator from Missouri would vote "nay" and the Senator from Nebraska would vote "yea."

The Senator from Wyoming [Mr. O'MAHONEY] is paired with the Senator from Kansas [Mr. SCHOEPEL]. If present and voting, the Senator from Wyoming would vote "nay" and the Senator from Kansas would vote "yea."

I further announce that if present and voting, the Senator from Arkansas [Mr. FULBRIGHT] would vote "nay."

Mr. DIRKSEN. I announce that the Senator from Indiana [Mr. CAPEHART], the Senator from Nebraska [Mr. CURTIS], the Senator from New York [Mr. IVES], the Senator from Iowa [Mr. MARTIN], and the Senator from Kansas [Mr. SCHOEPEL] are absent on official business.

The Senator from Indiana [Mr. CAPEHART] is paired with the Senator from New York [Mr. IVES]. If present and voting, the Senator from Nebraska would vote "yea," and the Senator from New York would vote "nay."

The Senator from Nebraska [Mr. CURTIS] is paired with the Senator from Missouri [Mr. HENNING]. If present and voting, the Senator from Nebraska would vote "yea," and the Senator from Missouri would vote "nay."

The Senator from Kansas [Mr. SCHOEPEL] is paired with the Senator from Wyoming [Mr. O'MAHONEY]. If present and voting, the Senator from Kansas would vote "yea," and the Senator from Wyoming would vote "nay."

The result was announced—yeas 29, nays 54, as follows:

YEAS—29

Allott	Cooper	Lausche
Barrett	Dirksen	Martin, Pa.
Bennett	Dworshak	Morton
Bricker	Flanders	Mundt
Bridges	Goldwater	Revercomb
Bush	Hickenlooper	Saltonstall
Butler	Hobbs	Smith, N. J.
Carlson	Hruska	Watkins
Case, S. Dak.	Jenner	Williams
Clark	Knowland	

NAYS—54

Aiken	Humphrey	Murray
Anderson	Jackson	Neuberger
Beall	Javits	Pastore
Bible	Johnson, Tex.	Payne
Carroll	Johnston, S. C.	Potter
Case, N. J.	Kefauver	Proxmire
Church	Kennedy	Purtell
Cotton	Kerr	Russell
Douglas	Kuchel	Scott
Eastland	Langer	Smathers
Ellender	Long	Smith, Maine.
Ervin	Magnuson	Sparkman
Frear	Malone	Stennis
Gore	Mansfield	Thurmond
Green	McClellan	Thye
Hayden	McNamara	Wiley
Hill	Monroney	Yarborough
Holland	Morse	Young

NOT VOTING—13

Byrd	Hennings	Schoeppel
Capehart	Ives	Symington
Chavez	Martin, Iowa	Talmadge
Curtis	O'Mahoney	
Fulbright	Robertson	

So Mr. CARLSON's amendment, as modified, to the amendment of Mr. JOHNSON of South Carolina, as amended, was rejected.

Mr. JOHNSON of South Carolina. Mr. President, I move to reconsider the

vote by which the amendment of the Senator from Kansas to my amendment was rejected.

Mr. JOHNSON of Texas. Mr. President, I move to lay that motion on the table.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Texas to lay on the table the motion of the Senator from South Carolina to reconsider.

The motion to lay on the table was agreed to.

The PRESIDING OFFICER. The amendment is open to further amendment.

Mr. JOHNSTON of South Carolina. Mr. President, I send to the desk another amendment.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from South Carolina.

Mr. MONRONEY. Mr. President, we did not hear the amendment read.

The PRESIDING OFFICER. The clerk has previously read the amendment. After the amendment was offered, there was an amendment offered to the amendment by the Senator from Kansas [Mr. CARLSON]. The amendment of the Senator from South Carolina [Mr. JOHNSTON], the original amendment, has not been disposed of. The Chair is now asking what disposition the Senate wishes to make of the amendment of the Senator from South Carolina.

Mr. LAUSCHE. Mr. President, what is the amendment?

Mr. KNOWLAND. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator from California will state his parliamentary inquiry.

Mr. KNOWLAND. The parliamentary situation is that we now revert to consideration of the original amendment, which was offered by the Senator from South Carolina [Mr. JOHNSTON], and which attaches the provisions of the postal pay bill to the postal rate bill. Is that not the question?

The PRESIDING OFFICER. The Senator from California is correct.

Mr. KNOWLAND. As reported from the committee with a modification.

The PRESIDING OFFICER. The Senator is correct in his understanding.

Mr. KNOWLAND. Mr. President, may I make a further parliamentary inquiry?

The PRESIDING OFFICER. The Senator will state it.

Mr. KNOWLAND. If the vote should be "no" on the amendment there would still be pending before the Senate the postal rate bill as separate from the postal pay amendment to the bill. Is that correct?

The PRESIDING OFFICER. The postal rate bill as distinct from the postal pay amendment; that is correct.

Mr. YARBOROUGH. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator from Texas will state his parliamentary inquiry.

Mr. YARBOROUGH. I have an amendment to S. 27 printed and lying on the desk. May I ask whether adoption of the postal pay amendment offered by the Senator from South Carolina will cut off further amendment to the provisions of S. 27 which have been offered in the form of an amendment?

The PRESIDING OFFICER. The pending amendment is the amendment offered by the Senator from South Carolina [Mr. JOHNSTON].

Mr. JOHNSTON of South Carolina. I yield to the Senator from Texas [Mr. YARBOROUGH].

Mr. KNOWLAND. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Chair is attempting to straighten out the situation. The original amendment offered by the Senator from South Carolina is the amendment which is now pending before the Senate.

Mr. JOHNSON of Texas. Mr. President, will the clerk state that amendment?

Mr. JOHNSTON of South Carolina. Mr. President—

The PRESIDING OFFICER. The Senator from South Carolina is recognized.

Mr. JOHNSON of Texas. Will the Chair hand the original amendment to the clerk and have the clerk read it?

The PRESIDING OFFICER. The Chair does not have the original amendment, but the Chair will get it.

Mr. JOHNSTON of South Carolina. Mr. President, the Senator from Kansas [Mr. CARLSON] offered an amendment to the pending amendment.

Mr. JOHNSON of Texas. That is correct.

Mr. JOHNSTON of South Carolina. To the amendment which had been offered by the committee. Since that amendment was rejected, the Senate in its consideration will revert now to the committee amendment.

The PRESIDING OFFICER. That is the amendment which the Chair is now asking be stated.

Mr. KNOWLAND. The Chair refers to the postal pay increase amendment, and not the classified pay increase proposal?

Mr. JOHNSTON of South Carolina. The postal pay raise bill.

Mr. YARBOROUGH. Mr. President, will the Senator yield?

Mr. JOHNSTON of South Carolina. I yield.

The PRESIDING OFFICER. For the information of the Senate, the Chair will state that the amendment now pending before the Senate is the postal pay amendment, the amendment offered by the Senator from South Carolina. That amendment is now open to further amendment.

Mr. JOHNSTON of South Carolina. That is correct.

Mr. YARBOROUGH. Mr. President—

Mr. CASE of South Dakota. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator from South Dakota will state his parliamentary inquiry.

Mr. CASE of South Dakota. Is an amendment which would raise the pay of Federal employees generally germane to an amendment which proposes only an increase in the pay of the field service of the Post Office Department?

The PRESIDING OFFICER. The Chair will seek the advice of the Parliamentarian to give the Senator the correct answer.

Will the Senator from South Dakota state his parliamentary inquiry again, so that we can be clear on the parliamentary situation?

Mr. CASE of South Dakota. Mr. President, my understanding is that the amendment now pending, offered by the Senator from South Carolina [Mr. JOHNSTON], is an amendment to increase the rates of basic compensation of officers and employees in the field service of the Post Office Department only. My question is, Is it germane, under the unanimous-consent agreement, to offer an amendment to increase pay generally?

Mr. JOHNSON of Texas. We have no unanimous-consent agreement.

The PRESIDING OFFICER. The Chair will state that there is no unanimous-consent agreement at the present time.

Mr. JOHNSON of Texas. Mr. President, if the Senator will yield I think I can clarify the situation.

The Senator from South Carolina [Mr. JOHNSTON] proposed an amendment, known as the postal pay amendment. It contained provisions of a bill which had been reported by the Committee on Post Office and Civil Service. To that amendment was offered a substitute by the distinguished Senator from Kansas [Mr. CARLSON]. That substitute having been rejected, the question recurs on the original proposal of the chairman of the Post Office and Civil Service Committee; namely, the postal pay amendment. That is now the question for the Senate to act upon.

The Senator from Texas [Mr. YARBOROUGH] has an amendment, which is in order, and he desires to call up his amendment, so that the Senate can act on that.

The amendment which is before the Senate is the amendment offered by the Senator from South Carolina [Mr. JOHNSTON] on postal pay; and the Senator from Texas [Mr. YARBOROUGH] desires to offer an amendment to that amendment.

Mr. CASE of South Dakota. Yes. Mr. President, a further parliamentary inquiry.

The PRESIDING OFFICER. Will the Senate be in order? We can clarify the parliamentary situation very quickly.

Mr. CASE of South Dakota. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state his parliamentary inquiry.

Mr. CASE of South Dakota. Some time ago I heard the distinguished majority leader propose a unanimous-consent agreement which embraced the requirement that amendments be germane. Apparently that agreement was not entered into.

Mr. JOHNSON of Texas. First, the agreement did not require that amendments be germane; second, it was not proposed, it was simply read; and third, it was never called up, because the Senator from Texas was informed it would be objected to if called up.

Mr. CASE of South Dakota. So we are not operating under an agreement?

The PRESIDING OFFICER. The Senate is not operating under a unanimous-consent agreement.

Mr. JOHNSON of Texas. I thank my friend.

The PRESIDING OFFICER. The parliamentary situation is this: There is an amendment pending before the Senate, which has been offered by the Senator from South Carolina, as to the postal pay increase, which is title IV.

The junior Senator from Texas [Mr. YARBOROUGH] is now recognized for the purpose of offering an amendment to that amendment. The clerk will state the amendment to the amendment.

The LEGISLATIVE CLERK. On page 2, in lieu of the schedule appearing between lines 2 and 3 it is proposed to insert the following:

"Postal field service schedule"

Level	Per annum rates and steps						
1.....	\$3,095	\$3,205	\$3,315	\$3,425	\$3,535	\$3,645	\$3,755
Temporary rate.....	3,335	3,445	3,555	3,665	3,775	3,885	3,995
2.....	3,320	3,435	3,550	3,665	3,780	3,895	4,010
Temporary rate.....	3,560	3,675	3,790	3,905	4,020	4,135	4,250
3.....	3,580	3,705	3,830	3,955	4,080	4,205	4,330
Temporary rate.....	3,820	3,945	4,070	4,195	4,320	4,445	4,570
4.....	3,935	4,070	4,205	4,340	4,475	4,610	4,745
Temporary rate.....	4,175	4,310	4,445	4,580	4,715	4,850	4,985
5.....	4,170	4,305	4,440	4,575	4,710	4,845	4,980
Temporary rate.....	4,410	4,545	4,680	4,815	4,950	5,085	5,220
6.....	4,505	4,655	4,805	4,955	5,105	5,255	5,405
Temporary rate.....	4,745	4,895	5,045	5,195	5,345	5,495	5,645
7.....	4,870	5,035	5,200	5,365	5,530	5,695	5,860
Temporary rate.....	5,110	5,275	5,440	5,605	5,770	5,935	6,100
8.....	5,255	5,440	5,625	5,810	5,995	6,180	6,365
Temporary rate.....	5,495	5,680	5,865	6,050	6,235	6,420	6,605
9.....	5,675	5,875	6,075	6,275	6,475	6,675	6,875
Temporary rate.....	5,915	6,115	6,315	6,515	6,715	6,915	7,115
10.....	6,235	6,450	6,665	6,880	7,095	7,310	7,525
Temporary rate.....	6,475	6,690	6,905	7,120	7,335	7,550	7,765
11.....	6,860	7,095	7,330	7,565	7,800	8,035	8,270
Temporary rate.....	7,100	7,335	7,570	7,805	8,040	8,275	8,510
12.....	7,545	7,805	8,065	8,325	8,585	8,845	9,105
Temporary rate.....	7,785	8,045	8,305	8,565	8,825	9,085	9,345
13.....	8,310	8,590	8,870	9,150	9,430	9,710	9,990
Temporary rate.....	8,550	8,830	9,110	9,390	9,670	9,950	10,230
14.....	9,140	9,440	9,740	10,040	10,340	10,640	10,940
Temporary rate.....	9,380	9,680	9,980	10,280	10,580	10,880	11,180

"Postal field service schedule—Continued

Level	Per annum rates and steps						
15.....	\$10,050	\$10,350	\$10,650	\$10,950	\$11,250	\$11,550	\$11,850
Temporary rate.....	10,290	10,590	10,890	11,190	11,490	11,790	12,090
16.....	11,075	11,375	11,675	11,975	12,275	12,575	12,875
Temporary rate.....	11,315	11,615	11,915	12,215	12,515	12,815	13,115
17.....	12,255	12,555	12,855	13,155	13,455	13,755	14,055
Temporary rate.....	12,495	12,795	13,095	13,395	13,695	13,995	14,295
18.....	13,760	14,060	14,360	14,660	14,960	15,260	15,560
19.....	15,000	15,300	15,600	15,900			
20.....	16,000						

Mr. YARBOROUGH. Mr. President, through inadvertence in the printing of the amendment on page 1, line 1, there is a reference to "page 2" of the pending amendment. I believe that reference should be page 4 of the pending amendment. I ask unanimous consent, Mr. President, that that reference be corrected to read "page 4" of the pending amendment.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Texas? The Chair hears none, and it is so ordered.

Mr. YARBOROUGH. Mr. President, the purpose of this amendment is to increase the emergency pay of postal supervisors. They fall in levels 6 through 9, immediately above the postal carriers and clerks.

Roughly, this amendment, if adopted, would cost approximately \$7,400,000 a year. There are 326,000 postal employees under the Postal Field Service table. Of that number, more than 300,000 are included in levels 1 through 5. Under the Johnston amendment they would receive an emergency cost of living increase of \$240 a year. Under the Johnston amendment, level 6 of supervisors would receive an increase of \$160 a year as a cost of living increase. Level 7 would receive \$80; and levels 8 and 9, nothing.

It is my understanding that the Chairman will accept the amendment if I delete from it the temporary increase provided for levels 10 through 17. I ask unanimous consent that in the amendment I offered, the temporary rate figures opposite lines 10 through 17 be deleted, so that the temporary cost of living increases which this amendment proposes will be limited to levels 6, 7, 8, and 9 in the amendment as printed.

The PRESIDING OFFICER. The Senator from Texas has the right to modify his amendment to the amendment.

Mr. CLARK. Mr. President, will the Senator yield?

Mr. YARBOROUGH. I yield.

Mr. CLARK. I should like to ask my friend from Texas what his justification is for eliminating the temporary pay increases in the five grades to which he has referred?

Mr. YARBOROUGH. My information is that the chairman of the subcommittee would accept the amendment if those levels were deleted. Inasmuch as they embrace higher pay brackets, the cost of living emergency is not so great as it is in the case of the lower grades.

Will the chairman accept the amendment?

Mr. LONG. Mr. President, will the Senator yield?

Mr. YARBOROUGH. I yield to the Senator from Louisiana.

Mr. LONG. About 8 years ago the junior Senator from Louisiana had the opportunity of serving as chairman of the subcommittee dealing with postal pay. The thing that impressed me most was the failure, time and time again, of the Senate committee to provide for the supervisors. There were situations in which supervisors were receiving less pay than those they were supposed to supervise.

Sometimes it seemed to me that it was planned that way. However, it was more because the carriers and the clerks had very able and effective representation, and they had much greater numbers. They had more votes than did the supervisors. It did not make much sense to me to go along year after year raising the salaries of clerks and carriers, but not supervisors. I am for the clerk and carriers, but I am also for other Government employees.

As I understand, the Senator from Texas proposes to modify his amendment so that pay increases for supervisors would cease after the \$5,000 a year bracket was reached.

Mr. YARBOROUGH. Mr. President, I withdraw the proposed modification, in the hope that the chairman of the committee will accept the amendment as originally offered.

The PRESIDING OFFICER. The Senator from Texas now remodels his amendment.

Mr. YARBOROUGH. I withdraw the suggested modification in the hope that the chairman of the committee will accept the amendment as it was originally offered.

Mr. MONRONEY. Mr. President, will the Senator yield?

Mr. YARBOROUGH. I yield.

Mr. MONRONEY. Does the amendment go through level 17?

Mr. YARBOROUGH. Yes.

Mr. MONRONEY. Mr. President, will the Senator yield further?

Mr. YARBOROUGH. I yield.

Mr. MONRONEY. Mr. President, this proposal is contrary to our effort to compensate for the meager pay of letter carriers, who are consigned to be letter carriers all their lives. They remain in the first five grades. There is not one chance in a thousand that they will ever be promoted above the top grade of letter carrier.

We tried to make up for their low pay level and lack of promotional opportunity by giving them a \$240 temporary cost-of-living increase, in addition to the 7½ percent. If we are to apply this increase to employees making \$10,000 a year, we shall be distorting the pay scale

beyond the point of a cost-of-living increase for the lower grades.

Every one of the employees whom the distinguished Senator is now seeking to aid has great opportunities for promotion. That is why we do not have the same program in the classified pay bill. A stenographer may start as a GS-2, and she may become a GS-5 or a GS-7 in a few years. However, these men carry the mail day after day. They start as carriers and they retire as carriers. Their advancement opportunities are one in a thousand. For that reason we tried to combine justice with business and take care of the hardship cases.

If the Senator wishes to advocate better pay for supervisors, I am for that; but I am not for putting such a provision in this bill as a temporary cost-of-living increase. We should handle that subject in another piece of legislation to provide better compensation for other types of work.

Mr. JOHNSTON of South Carolina. Mr. President, in 1955 we increased the salaries of these employees. The Senator's amendment would include all postmasters and supervisors. Some of them would receive increases of as much as 62 percent. There was a graduated scale throughout. The situation in regard to increases in pay was taken care of. When the committee was writing the bill, we tried to take care of various situations, looking back at what we had done in the past.

I believe that the amendment which the Senator from Texas has offered goes a little too far.

Mr. YARBOROUGH. Mr. President, I did not have the privilege of being present and participating in the 1955 experience, as did the distinguished chairman of the committee, who has given so many years of effort and service as chairman of the Senate Committee on Post Office and Civil Service. He has been constantly engaged in an effort to improve the Federal service. I pay tribute to him now.

In the light of the explanation with respect to the 1955 experience, I reoffer the modification first offered, and ask the distinguished chairman of the committee to accept the proposal for temporary increases in levels 6, 7, 8, and 9, which are supervisory grades. Those employees act in a management capacity. They must wear better clothes. They must incur expenses which letter carriers do not have to incur normally. There should be some spread to take care of the supervisory or management employees.

I submit the modified amendment, to increase by \$240 a year, or \$20 a month, at the emergency level, the salaries of supervisors in grades 6, 7, 8, and 9, only.

The PRESIDING OFFICER. The re-modification is becoming more and more complicated.

Mr. JOHNSTON of South Carolina. Mr. President, I have no authority from the committee to accept the amendment. I have not discussed the amendment with members of the committee. I do not see how I could accept it.

Mr. MONRONEY. Mr. President, will the Senator yield?

Mr. YARBOROUGH. I yield.

Mr. MONRONEY. Is it not a fact that this is one of the amendments which were voted down overwhelmingly in the committee?

Mr. YARBOROUGH. I am not certain.

Mr. MONRONEY. If the Senator will further yield, this is a good example of how not to handle a bill on the floor. We have been engaged in the consideration of the bill for a week, with amendments coming from everywhere, many of them misunderstood. Others have only very narrow application. We are taking the bill out of the hands of the committee, which worked on it for 6 months.

Let us vote on the pending amendment, and let it stand or fall on its merits, if we can determine how many grades are being affected by the \$240 cost-of-living emergency increase.

Mr. NEUBERGER. Mr. President, I wish to support what the Senator from Oklahoma has said. If we are going to take care of the supervisors further, we should do it in a separate bill after orderly hearings have been held on the subject. As chairman of the Subcommittee on Federal Compensation of the Committee on Post Office and Civil Service, I wish to tell the Senator from Texas that I shall be glad to join him in introducing a bill, and that we shall hold hearings on it. I shall be glad to have him as the first witness.

I wish to say to the Senator from Louisiana [Mr. Long] that the supervisors are ably represented here in Washington by some very outstanding people, who will be welcomed as witnesses. I join fully in what the Senator from Oklahoma [Mr. MONRONEY] has said, that the most discriminated against group of employees in the United States Government they are the letter carriers and the mail clerks. That is true so far as pay is concerned and so far as opportunity for advancement is concerned. If we are going to add a cost-of-living bonus to the pay of all kinds of employees in the higher grades, we will merely dilute the bill and, second, imperil it. I wish to say to the distinguished Senator from Texas that I personally will promise him that we will hold separate hearings on the pay, security, tenure, and conditions of welfare of postal supervisors, if he will go along with the distinguished chairman of the committee and withdraw the amendment.

Mr. CLARK. Mr. President, I regret the decision of my distinguished colleague from Texas to modify his amendment. Had it been pressed, I would have supported it. I should like to associate myself with the comments of the distinguished Senator from Louisiana [Mr. Long]. I believe that the supervisors are just as much entitled to a percentage raise as anyone else. It was for that reason that I supported the amendment of the Senator from Kansas [Mr. CARLSON].

Mr. NEUBERGER. Mr. President, will the Senator yield?

Mr. CLARK. I yield.

Mr. NEUBERGER. I wish to ask the Senator from Pennsylvania a question, because I know he has had wide experience in personnel management. Is it his understanding or his belief that a \$240 cost-of-living bonus should be given to everybody in the postal service?

Mr. CLARK. It is my belief that the so-called cost-of-living bonus would destroy a system of differentiation based upon degree of responsibility, longevity, and many other sound reasons in the field of personnel administration. It is not right, and for that reason I supported the amendment of the Senator from Kansas.

Mr. NEUBERGER. I should like to ask the Senator what he would do about hundreds of thousands of employees and their families who get approximately \$4,000 a year.

Mr. CLARK. I would give them an adequate pay increase, far more than 8½ percent. However, two wrongs do not make a right.

SEVERAL SENATORS. Vote! Vote!

Mr. NEUBERGER. In order to give them enough to live on, would the Senator raise the pay of every employee in the postal scale, including those who receive \$16,000 or \$18,000 a year, so that the employee at the bottom can have enough with which to feed his family?

Mr. CLARK. I believe the \$16,000 employee is entitled to an increase in view of the cost of living, and for other reasons.

Mr. LAUSCHE. Mr. President—

The PRESIDING OFFICER. The Senate will be in order. The Chair will recognize the Senator from Kansas; then the Senator from Ohio; then the Senator from South Carolina. The Chair will recognize each Senator in turn in an orderly fashion.

Mr. CARLSON. I wish to make the observation that some of use on this side of the aisle get a great deal of delight out of this discussion. The Senator from Texas [Mr. YARBOROUGH] is trying to help some of the top-paid employees in the postal service. We have a Republican Postmaster General for the first time in many years, and it is now proposed by the Senator from Texas to give him a raise.

Mr. LAUSCHE. Mr. President—

The PRESIDING OFFICER. The Chair now recognizes the Senator from Ohio.

Mr. LAUSCHE. I should like to ask some questions on the amendment.

Do I correctly understand that if the amendment of the Senator from South Carolina [Mr. JOHNSTON] is adopted, the postal-rate bill will be combined with the postal-pay bill?

Mr. JOHNSTON of South Carolina. The Senator is correct.

Mr. LAUSCHE. When it is submitted to a final vote, if a Member of the Senate is in favor of one and against the other, he will not be able to choose between the two, but will have to vote for both or for neither?

Mr. JOHNSTON of South Carolina. The Senator is correct.

Mr. LAUSCHE. Am I to understand further that if the bill goes to the Presi-

dent, if he is in favor of one-half of it and is not in favor of the other half, he will have to accept it all or nothing at all?

Mr. JOHNSTON of South Carolina. That is correct. The Senator from Ohio has been Governor of his State and I have been Governor of my State. Practically every bill that came before me had something in it that I liked and something that I did not like, and I had to make my decision on it.

Mr. LAUSCHE. I always felt deeply aggrieved that the Legislature deliberately tied together a bad bill and a good bill and in that way tried to force it down my throat.

Mr. JOHNSTON of South Carolina. I have had that experience.

Mr. LAUSCHE. It is wrong to tie them together, if that is the purpose. I am not saying it is the purpose. Secondly, how much would it cost the taxpayers of the United States if the same treatment were given to all the employees of the United States Government who fall in the categories that are being benefited by the bill? Is the Senator able to tell us? What will be the total cost when we get through?

Mr. JOHNSTON of South Carolina. The total cost, when we get through, will be somewhere around \$700 million.

Mr. LAUSCHE. \$700 million?

Mr. JOHNSTON of South Carolina. Approximately.

Mr. LAUSCHE. That is only for the postal employees?

Mr. JOHNSTON of South Carolina. Some amendments have been eliminated, and some have been added.

Mr. LAUSCHE. The pending bill will cost about \$300 million. Is that correct?

Mr. NEUBERGER. The Senator from Ohio is correct. Increases in the bill will cost \$309 million.

Mr. LAUSCHE. It will cost \$309 million for 500,000 employees. If there are 2,300,000 employees in all, then it will cost about 4.3 times \$309 million? Is that correct? That is a figure I arrived at rather rapidly. I would conclude that cost will be \$1,500,000,000.

Mr. NEUBERGER. The Senator is taking into consideration the employees who come under the wage board. They have already been taken care of, and the increases to them do not fall into this bill.

Mr. LAUSCHE. It will cost \$1,500,000,000. I want to know how the taxpayers will—

Mr. NEUBERGER. In the two bills there are only about a million and a half employees involved.

The PRESIDING OFFICER. The question is on agreeing—

Mr. JOHNSTON of South Carolina. Mr. President, I first wish to ask the Senator from Texas to withdraw his amendment. I assure him we will study the subject in committee.

The PRESIDING OFFICER. Does the Senator from Texas withdraw his amendment?

Mr. YARBOROUGH. While I regard the erroneous arguments of the distinguished junior Senator from Pennsylvania and the wholly erroneous

arguments of the distinguished junior Senator from Oregon, my good friends, as totally inadequate reasons for the withdrawal of the amendment, since the postal pay bill will cost \$309 million, and a simple act of justice to 44,000 supervisors, under my proposal, would cost only \$408,000, in the light of the request of the distinguished chairman of the committee, who is responsible for the bill, I will accede to his request and withdraw the amendment.

The PRESIDING OFFICER. The Senator from Texas requests that his amendment, as modified, be withdrawn. Without objection, it is so ordered.

Mr. YARBOROUGH. I withdraw it at the request of the chairman of the committee.

Mr. MORTON. Mr. President, I merely wish to make it clear that I intended to support the Senator from Texas, and I have told some people that I intended to do so. I wanted that statement recorded in the RECORD. I am sorry to see the amendment withdrawn.

Mr. JOHNSON of Texas. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. JOHNSON of Texas. Do I understand that the pending amendment is the amendment offered by the Senator from South Carolina [Mr. JOHNSTON]?

The PRESIDING OFFICER. The Senator from Texas is correct.

Mr. HUMPHREY. Mr. President—

Mr. JOHNSON of Texas. It is our intention to have a vote as early as we can. Several Senators intend to leave town, and if that happens, and if we keep telling the postal workers how much we love them instead of voting, we may wind up by not adopting the amendment.

Mr. HUMPHREY. Mr. President, I appreciate the courteous admonition of the majority leader. I merely wish to say that I had assured many people that I would support a reasonable and justifiable and long overdue adjustment for postal supervisors, and that if I had a chance to do so I would do it.

Mr. LONG. Mr. President, I send an amendment to the desk.

The PRESIDING OFFICER. The amendment will be stated.

Mr. LONG. Mr. President, I can explain my amendment.

It simply provides that we shall do for the supervisors what is proposed to be done for everyone else in the bill. Anyone who tells me that this is a temporary increase for those in the lower brackets is not correctly informed. I do not think there is a Member of the Senate who actually thinks that the temporary increase will expire, and that we will vote not to continue it. If anyone thinks he will not vote to extend the increase when it expires, I wish he would stand up and let me get a good look at him. This will be a permanent increase.

We say to a man, "You are low paid or underpaid, you cannot get a job somewhere else. You are a veteran. You were injured, perhaps slightly, during the war. You are a 10-point veteran. You will get the Government job if you make only 60 on the exam in preference

to the man who makes a hundred. You will keep your job when others who have been here longer cannot keep theirs, even though they might be better qualified for the job."

If those people are to get a pay raise, then those who have been around for a long time as supervisors, working day in and day out, the people who are staying with the post office as a matter of loyalty, although they could get better jobs elsewhere, but because they have certain seniority rights want to stay with the Government, should also receive a raise. Those latter people are not nearly so numerous in the Post Office.

I am willing to give a pay raise to those who are numerically the strongest. On the other hand, I do not wish to leave out the faithful supervisors who, year in and year out, are confronted with the same cost of living increase. Their cost of living has gone up as much as it has for anyone else.

Mr. President, the bill without this amendment does not make sense to me. I had the honor of advocating top pay for those in the Cabinet. I had the honor of advocating that the top people in the Government receive top pay, because it has been stated time and time again that if efficiency is desired, we must get good supervisors just as we get good day workers. If we can take care of those at the top and those at the bottom, why not those in the middle?

To leave out the supervisors, year in and year out, the way I have seen it done time and again during the past 8 years, does not make sense. For my part, I should like to give them a pay raise, if I am the only Senator who votes for it. I ask for the yeas and nays.

Mr. KNOWLAND. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

Mr. JOHNSON of Texas. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. LONG. Mr. President, on my amendment I ask for the yeas and nays.

The yeas and nays were not ordered.

Mr. LONG. Mr. President, I have explained that this amendment is for the purpose of offering an opportunity for the supervisors to have a pay raise at the same time we undertake to raise the pay of the postal clerks and carriers.

The amendment was originally offered by the junior Senator from Texas [Mr. YARBOROUGH]. It seems fair to me.

I am frank to say that I have seen provision for the supervisors left out time and time again when pay-raise bills were being acted upon.

I have told the clerks and carriers that I will support the bill to increase their pay; and I will. But it seems to me it would not be fair to omit provision for increasing the pay of the supervisors. While we raise the pay of those who are in the lower classes, we should also provide for an increase in the pay of those who are the supervisors.

Therefore, Mr. President, I urge that my amendment to the amendment of the Senator from South Carolina be agreed to.

The PRESIDING OFFICER (Mr. BIBLE in the chair). The question is on agreeing to the amendment of the Senator from Louisiana to the amendment of the Senator from South Carolina. [Putting the question.]

Mr. LONG. Mr. President, I ask for a division.

Mr. CASE of South Dakota. Mr. President, on this question, I request the yeas and nays.

Mr. KNOWLAND. Mr. President, I join in the request for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second?

The yeas and nays were ordered.

The PRESIDING OFFICER. The question is on agreeing to the amendment proposed by the Senator from Louisiana [Mr. LONG], for himself and the Senator from Texas [Mr. YARBOROUGH], to the amendment of the Senator from South Carolina [Mr. JOHNSTON]. On this question the yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk called the roll.

Mr. MANSFIELD. I announce that the Senator from Virginia [Mr. BYRD], the Senator from New Mexico [Mr. CHAVEZ], the Senator from Arkansas [Mr. FULBRIGHT], the Senator from Missouri [Mr. HENNINGS], the Senator from Wyoming [Mr. O'MAHONEY], the Senator from Virginia [Mr. ROBERTSON], the Senator from Florida [Mr. SMATHERS], the Senator from Missouri [Mr. SYMINGTON], and the Senator from Georgia [Mr. TALMADGE] are absent on official business.

If present and voting, the Senator from Arkansas [Mr. FULBRIGHT] would vote "nay."

I further announce that, if present and voting, the Senators from Missouri [Mr. HENNINGS and Mr. SYMINGTON] would each vote "yea."

Mr. DIRKSEN. I announce that the Senator from Indiana [Mr. CAPEHART], the Senator from Nebraska [Mr. CURTIS], the Senator from New York [Mr. IVES], the Senator from Iowa [Mr. MARTIN], and the Senator from Kansas [Mr. SCHOEPP] are absent on official business.

The Senator from New Jersey [Mr. SMITH] is detained on official business.

The Senator from Indiana [Mr. CAPEHART] is paired with the Senator from Nebraska [Mr. CURTIS]. If present and voting, the Senator from Indiana would vote "nay," and the Senator from Nebraska would vote "yea."

The Senator from New Jersey [Mr. SMITH] is paired with the Senator from Kansas [Mr. SCHOEPP]. If present and voting, the Senator from New Jersey would vote "yea," and the Senator from Kansas would vote "nay."

The result was announced—yeas 50, nays 31, as follows:

YEAS—50

Aiken	Clark	Hoblitzell
Allott	Dirksen	Hruska
Barrett	Douglas	Humphrey
Bennett	Eastland	Jackson
Bricker	Ellender	Kefauver
Bush	Flanders	Knowland
Carlson	Frear	Langer
Carroll	Hickenlooper	Long
Case, S. Dak.	Hill	Magnuson

Mansfield
McClellan
McNamara
Morse
Morton
Mundt
Murray
Pastore

Potter
Proxmire
Purtell
Revercomb
Russell
Saltonstall
Smith, Maine
Sparkman

Stennis
Thurmond
Thye
Watkins
Wiley
Yarborough
Young

NAYS—31

Anderson
Beall
Bible
Bridges
Butler
Case, N. J.
Church
Cooper
Cotton

Dworshak
Ervin
Goldwater
Gore
Green
Hayden
Holland
Javits
Jenner

Johnson, Tex.
Johnston, S. C.
Kennedy
Kerr
Kuchel
Lausche
Malone
Martin, Pa.
Monroney

Neuberger
Payne

Scott

Williams

NOT VOTING—15

Byrd
Capehart
Chavez
Curtis
Fulbright

Hennings
Ives
Martin, Iowa
O'Mahoney
Robertson

Schoeppel
Smathers
Smith, N. J.
Symington
Talmadge

So the amendment offered by Mr. LONG, for himself and Mr. YARBOROUGH, to the amendment of the Senator from South Carolina [Mr. JOHNSTON] was agreed to, as follows:

On page 2, in lieu of the schedule appearing between lines 2 and 3 insert the following:

"Postal field service schedule

Level	Per annum rates and steps						
1.....	\$3,095	\$3,205	\$3,315	\$3,425	\$3,535	\$3,645	\$3,755
Temporary rate.....	3,335	3,445	3,555	3,665	3,775	3,885	3,995
2.....	3,320	3,435	3,550	3,665	3,780	3,895	4,010
Temporary rate.....	3,560	3,675	3,790	3,905	4,020	4,135	4,250
3.....	3,580	3,705	3,830	3,955	4,080	4,205	4,330
Temporary rate.....	3,820	3,945	4,070	4,195	4,320	4,445	4,570
4.....	3,935	4,070	4,205	4,340	4,475	4,610	4,745
Temporary rate.....	4,175	4,310	4,445	4,580	4,715	4,850	4,985
5.....	4,170	4,305	4,440	4,575	4,710	4,845	4,980
Temporary rate.....	4,410	4,545	4,680	4,815	4,950	5,085	5,220
6.....	4,505	4,655	4,805	4,955	5,105	5,255	5,405
Temporary rate.....	4,745	4,895	5,045	5,195	5,345	5,495	5,645
7.....	4,870	5,035	5,200	5,365	5,530	5,695	5,860
Temporary rate.....	5,110	5,275	5,440	5,605	5,770	5,935	6,100
8.....	5,255	5,440	5,625	5,810	5,995	6,180	6,365
Temporary rate.....	5,495	5,680	5,865	6,050	6,235	6,420	6,605
9.....	5,675	5,875	6,075	6,275	6,475	6,675	6,875
Temporary rate.....	5,915	6,115	6,315	6,515	6,715	6,915	7,115
10.....	6,235	6,450	6,665	6,880	7,095	7,310	7,525
Temporary rate.....	6,475	6,690	6,905	7,120	7,335	7,550	7,765
11.....	6,860	7,095	7,330	7,565	7,800	8,035	8,270
Temporary rate.....	7,100	7,335	7,570	7,805	8,040	8,275	8,510
12.....	7,545	7,805	8,065	8,325	8,585	8,845	9,105
Temporary rate.....	7,785	8,045	8,305	8,565	8,825	9,085	9,345
13.....	8,310	8,590	8,870	9,150	9,430	9,710	9,990
Temporary rate.....	8,550	8,830	9,110	9,390	9,670	9,950	10,230
14.....	9,140	9,440	9,740	10,040	10,340	10,640	10,940
Temporary rate.....	9,380	9,680	9,980	10,280	10,580	10,880	11,180
15.....	10,050	10,350	10,650	10,950	11,250	11,550	11,850
Temporary rate.....	10,290	10,590	10,890	11,190	11,490	11,790	12,090
16.....	11,075	11,375	11,675	11,975	12,275	12,575	12,875
Temporary rate.....	11,315	11,615	11,915	12,215	12,515	12,815	13,115
17.....	12,255	12,555	12,855	13,155	13,455	13,755	14,055
Temporary rate.....	12,495	12,795	13,095	13,395	13,695	13,995	14,295
18.....	13,760	14,060	14,360	14,660	14,960	15,260	15,560
19.....	15,000	15,300	15,600	15,900			
20.....	16,000						

The PRESIDING OFFICER. The question is on agreeing to the Johnston amendment, as amended.

Mr. CARLSON. Mr. President, as we are about to reach a final vote on the Johnston amendment, I should like to make a statement to the Senate.

Although I voted for S. 27 in the Senate committee, which is the substance of the pending amendment, I stated at the time I would try to secure a bill which I was confident would be approved and thus provide a much-needed pay increase for postal employees.

I shall support now the Johnston amendment. I shall do everything in my power to secure, in conference, a bill which the President will sign and which the Senate can approve.

I hope the amendment will be adopted.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from South Carolina [Mr. JOHNSTON], as amended.

The amendment, as amended, was agreed to.

Mr. NEUBERGER subsequently said: Mr. President, I was trying to get the floor after the vote by which the Johnston postal pay amendment was tied to the postal rate bill. I should like to have the record show that I voted

against uniting the two bills. Previously, I was in favor of uniting the two bills. However, I believe the Senate, by majority vote, has taken very unwise action, and action which is discriminatory against postal employees in the lower grades.

I desire the record to show that I voted against the motion to tie the two bills together.

Mr. LAUSCHE subsequently said: Mr. President, I was not in the Chamber when the vote was taken on the Johnston amendment. I want the record to show that if I had been present I would have voted against the amendment. I would have voted against it because we are combining two subjects which are not germane to each other. I think it is unfair to the Members of the Senate and to the President of the United States.

The PRESIDING OFFICER. The bill is open to further amendment.

Several Senators addressed the Chair.

The PRESIDING OFFICER. The Chair recognizes the Senator from Oregon [Mr. MORSE].

Mr. MORSE. Mr. President, I wish to return to an amendment agreed to by the Senate yesterday, which I offered, and which provided free postage privi-

leges to members of the armed services overseas. The amendment refers to Army and fleet post offices. I want the RECORD to show very clearly that when I used the word "Army" in the amendment, I used it in the generic sense. The term used was intended to cover the Military Establishment; but in order to make legislative history, and so there can be no question as to the meaning of the amendment, the RECORD should show that the Air Force has called the majority leader's office—and I call the attention of the chairman of the committee to this matter—and also has been in touch with the staff of the committee. It wants to have the statement made, which I am now making on the floor of the Senate, that my amendment covers the Army, the Air Force, and the Navy, although we have always referred to the Army post offices as including Air Force post offices. Apparently some so-called Air post offices have been established. The amendment also include the Marine Corps and the Coast Guard. In other words, it includes each and all branches of the military service.

I am advised by counsel that this statement of mine will certainly suffice, at least if this matter goes to conference; but I want it definitely understood that my amendment covers the Army post offices, the Air post offices, and the so-called Fleet and Navy post offices, as well as the Marine Corps and the Coast Guard.

Mr. DOUGLAS. Mr. President, will the Senator yield?

Mr. MORSE. I yield.

Mr. DOUGLAS. Does the Senator from Oregon include in his amendment mail sent by members of the Coast Guard and Marine Corps, too?

Mr. MORSE. Yes; I have so stated. As I said yesterday, and let this be clearly understood as a matter of definition, my amendment uses the term "Army" in the generic sense. It includes the Marine Corps, the Coast Guard, the so-called foot soldiers, Air Force, and Navy.

If anybody wishes to make any exception to that statement, he ought to make it now.

We can save time, by my not having to resubmit the amendment adding other classifications, if it is understood the term "Army" is used in the generic sense.

Does the chairman of the committee understand the intent?

Mr. JOHNSTON of South Carolina. Yes.

Mr. MORSE. Does the chairman of the committee agree to take the amendment to conference with that understanding?

Mr. JOHNSTON of South Carolina. Yes.

The PRESIDING OFFICER. The bill is open to further amendment.

Mr. JOHNSTON of South Carolina. Mr. President, I send to the desk another amendment, which I ask to have stated.

The PRESIDING OFFICER. The amendment of the Senator from South Carolina will be stated.

The LEGISLATIVE CLERK. It is proposed to add a new title at the end of the bill, "Title V—Increases in Compensation of Employees Generally," it modifies the Classification Act of 1949.

The PRESIDING OFFICER. Without objection the amendment will be printed in the RECORD without reading.

The amendment proposed by Mr. JOHNSTON of South Carolina is as follows:

"Grade	
GS-1.....	\$2,890
GS-2.....	3,180
GS-3.....	3,415
GS-4.....	3,670
GS-5.....	3,945
GS-6.....	4,385
GS-7.....	4,865
GS-8.....	5,345
GS-9.....	5,850
GS-10.....	6,360
GS-11.....	6,870
GS-12.....	8,140
GS-13.....	9,750
GS-14.....	11,250
GS-15.....	12,600
GS-16.....	14,000
GS-17.....	15,500
GS-18.....	17,500

"(b) The rates of basic compensation of officers and employees to whom this section applies shall be adjusted as follows:

"(1) If the officer or employee is receiving basic compensation immediately prior to the effective date of this section at one of the scheduled or longevity rates of a grade in the general schedule of the Classification Act of 1949, as amended, he shall receive a rate of basic compensation at the corresponding scheduled or longevity rate in effect on and after such date.

"(2) If the officer or employee is receiving basic compensation immediately prior to the effective date of this section at a rate between 2 scheduled or 2 longevity rates, or between a scheduled and a longevity rate, of a grade in the general schedule, he shall receive basic compensation at a rate equal to the rate he received immediately prior to such effective date increased by an amount equal to the amount of the increase made by this section in the next lower scheduled rate of his grade.

"(3) If the officer or employee (other than an officer or employee subject to paragraph (4) of this subsection), immediately prior to the effective date of this section, is receiving basic compensation at a rate in excess of the maximum longevity rate of his grade, or in excess of the maximum scheduled rate of his grade if there is no longevity rate for his grade, he shall receive basic compensation at a rate equal to the rate which he received immediately prior to such effective date, increased by an amount equal to the amount of the increase made by this section in the maximum longevity rate, or the maximum scheduled rate, as the case may be, of his grade until (A) he leaves such position, or (B) he is entitled to receive basic compensation at a higher rate by reason of the operation of the Classification Act of 1949, as amended; but, when his position becomes vacant, the rate of basic compensation of any subsequent appointee thereto shall be fixed in accordance with such act, as amended.

"(4) If the officer or employee, immediately prior to the effective date of this section, is receiving, pursuant to paragraph (4) of section 2 (b) of the Federal Employees Salary Increase Act of 1955, an existing aggregate rate of compensation determined under section 208 (b) of the act of September 1, 1954 (68 Stat. 1111; Public Law 763, 83d Cong.), plus the amount of the increase provided by section 2 of the Federal Employees Salary Increase Act of 1955, he shall receive an aggregate rate of compensation equal to the sum of (A) his existing aggregate rate of compensation determined under such section 208 (b) of the act of

At the end of the bill insert the following new title:

"TITLE V—INCREASE IN COMPENSATION OF EMPLOYEES GENERALLY

"SEC. 501. This title may be cited as the 'Federal Employees Pay Act of 1958.'

"SEC. 502. (a) Section 603 (b) of the Classification Act of 1949, as amended (5 U. S. C. 1113 (b)), is amended to read as follows:

"(b) The compensation schedule for the General Schedule shall be as follows:

		Per annum rates					
		\$3,070	\$3,160	\$3,250	\$3,340	\$3,430	
\$2,980	\$3,070	3,270	3,360	3,450	3,540	3,630	3,720
3,505	3,595	3,685	3,775	3,865	3,955		
3,760	3,850	3,940	4,030	4,120	4,210		
4,090	4,235	4,380	4,525	4,670	4,815		
4,530	4,675	4,820	4,965	5,110	5,255		
5,010	5,155	5,300	5,445	5,590	5,735		
5,490	5,635	5,780	5,925	6,070	6,215		
5,995	6,140	6,285	6,430	6,575	6,720		
6,505	6,650	6,795	6,940	7,085	7,230		
7,100	7,330	7,560	7,790	8,020			
8,370	8,600	8,830	9,060	9,290			
10,000	10,250	10,500	10,750	11,000			
11,500	11,750	12,000	12,250	12,500			
12,900	13,200	13,500	13,800				
14,300	14,600	14,900	15,200				
15,800	16,100	16,400	16,700				

September 1, 1954, and (B) the amount of the increase provided by section 2 of the Federal Employees Salary Increase Act of 1955, and (C) the amount of the increase made by this section in the maximum longevity rate of his grade, until (i) he leaves his position, or (ii) he is entitled to receive aggregate compensation at a higher rate by reason of the operation of this act or any other provision of law; but, when such position becomes vacant, the aggregate rate of compensation of any subsequent appointee thereto shall be fixed in accordance with applicable provisions of law. Subject to clauses (i) and (ii) of the immediately preceding sentence of this paragraph, the amount of the increase provided by this section shall be held and considered for the purposes of section 208 (b) of such act of September 1, 1954, to constitute a part of the existing aggregate rate of compensation of such employee.

"(5) If the officer or employee, at any time during the period beginning on the effective date of this section and ending on the date of enactment of this act, was promoted from one grade under the Classification Act of 1949, as amended, to another such grade at a rate which is above the minimum rate thereof, his rate of basic compensation shall be adjusted retroactively from the effective date of this section to the date on which he was so promoted, on the basis of the rate which he was receiving during the period from such effective date to the date of such promotion and, from the date of such promotion, on the basis of the rate for that step of the appropriate grade of the general schedule contained in this section which corresponds numerically to the step of the grade of the general schedule for such officer or employee which was in effect (without regard to this title) at the time of such promotion.

"(6) Except as provided in paragraph (7) of this subsection, if the officer or employee is receiving basic compensation immediately prior to the date of enactment of this act as a result of action taken under section 803 of the Classification Act of 1949, as amended (68 Stat. 1106; 5 U. S. C. 1133), he shall receive the higher of either (A) a rate of basic compensation at the scheduled rate in effect on the effective date of this section to which he would have been entitled under the provisions of section 701 of the Classification Act of 1949 (5 U. S. C. 1121) had such action under section 803 not been taken, or (B) a rate of basic compensation at the scheduled rate in effect on such effective date which is equal to his existing rate, or if there is no such scheduled rate equal to his existing rate, then

at the next higher scheduled rate: *Provided*, That upon approval by the Civil Service Commission, based upon a determination that such action is equitable, any such employee may be paid at any scheduled rate not in excess of the rate which he was receiving on the date of enactment of this act, adjusted in accordance with paragraph (1), (2), or (3) of this subsection.

"(7) If the officer or employee has had his rate of basic compensation adjusted, under authority of section 803 of the Classification Act of 1949, as amended (68 Stat. 1106; 5 U. S. C. 1133), at any time during the period beginning on the effective date of this title and ending on the date of enactment of this act—

"(A) his rate of basic compensation shall be adjusted retroactively in accordance with the initial conversion rules prescribed in paragraphs (1), (2), and (3) of this subsection for the period beginning on the effective date of this section and ending on the effective date of such adjustment under such section 803, on the basis of the rate or rates which he was receiving during such period, and

"(B) on and after the effective date of such adjustment under such section 803, he shall receive a rate of basic compensation adjusted in accordance with paragraph (6) of this subsection.

"(8) If the officer or employee, at any time during the period beginning on the effective date of this section and ending on the date of enactment of this act, became subject to the Classification Act of 1949, as amended, at a rate of basic compensation which was fixed on the basis of a higher previously earned rate and which is above the minimum rate of the grade of such officer or employee, his rate of basic compensation shall be adjusted retroactively to the date on which he became subject to such act, on the basis of the rate for that step of the appropriate grade of the general schedule contained in this section which corresponds numerically to the step of the grade of the general schedule for such officer or employee which was in effect (without regard to this title) at the time he became subject to the Classification Act of 1949, as amended.

"(9) Each officer or employee—

"(A) (i) who with his position has been transferred under authority of the Classification Act of 1949, at any time during the period beginning on the effective date of this section and ending on the date of enactment of this act, from the General Schedule of the Classification Act of 1949 to a prevailing rate schedule, or (ii) who, at any time during such period, transferred from a position subject to the Classification Act of 1949 to a position subject to a prevailing rate schedule,

"(B) who, at all times subsequent to such transfer, was in the service of the United States (including the Armed Forces of the United States) or of the municipal government of the District of Columbia, without break in such service of more than 30 consecutive calendar days and, in the case of an individual relieved from training and service in the Armed Forces of the United States or discharged from hospitalization following such training and service, without break in service in excess of the period provided by law for the mandatory restoration of such individual to a position in or under the Federal Government or the municipal government of the District of Columbia.

"(C) who, on such date of enactment, is being compensated under a prevailing rate schedule, and

"(D) whose rate of basic compensation on such date of enactment is less than the rate to which he would have been entitled on such date if such transfer had not occurred (unless he is receiving such lesser rate by reason of an adverse personnel action resulting from his own fault),

shall be paid basic compensation at a rate equal to the rate which he would have been receiving on such date of enactment (including compensation for each within-grade and longevity step-increase which he would have earned) if such transfer had not occurred until the day immediately following such date of enactment, for all time in a pay status on and after the effective date of this section in a position subject to a prevailing rate schedule under the circumstances prescribed in this subsection, until—

"(a) he leaves the position which he holds on such date of enactment, or

"(b) he is entitled to receive basic compensation at a higher rate under a prevailing rate schedule; but when such position becomes vacant, the rate of basic compensation of any subsequent appointee thereto shall be fixed in accordance with prevailing rate schedules.

"SEC. 503. (a) The rates of basic compensation of officers and employees in or under the judicial branch of the Government whose rates of compensation are fixed pursuant to paragraph (2) of subdivision a of section 62 of the Bankruptcy Act (11 U. S. C., sec. 102 (a) (2)), section 3656 of title 18 of the United States Code, the third sentence of section 603, section 604 (a) (5), or sections 672 to 675, inclusive, of title 28 of the United States Code are hereby increased by amounts equal to the increases provided by section 502 of this act in corresponding rates of compensation paid to officers and employees subject to the Classification Act of 1949, as amended.

"(b) The limitations of \$13,485 and \$18,010 with respect to the aggregate salaries payable to secretaries and law clerks of circuit and district judges contained in the paragraph under the heading 'Salaries of Supporting Personnel' in the Judiciary Appropriation Act, 1958, or in any subsequent appropriation act, shall be increased by the amounts necessary to pay the additional basic compensation provided by this title.

"(c) Section 753 (e) of title 28 of the United States Code (relating to the compensation of court reporters for district courts) is amended by striking out '\$6,450' and inserting in lieu thereof '\$6,935'.

"SEC. 504. (a) Each officer and employee in or under the legislative branch of the Government whose rate of compensation is increased by section 5 of the Federal Employees Pay Act of 1946 shall be paid additional compensation at the rate of 7.5 percent of his gross rate of compensation (basic compensation plus additional compensation authorized by law).

"(b) The basic compensation of each employee in the office of a Senator is hereby adjusted, effective on the first day of the month following the date of enactment of this act, to the lowest multiple of \$60 which will provide a gross rate of compensation not less than the gross rate such employee was receiving immediately prior thereto, except that (1) the provisions of this subsection shall not apply in the case of any employee if on or before the 15th day following the date of enactment of this act the Senator by whom such employee is employed notifies the disbursing office of the Senate in writing that he does not wish this subsection to apply to such employee, and (2) no increase in compensation shall result from such adjustment in basic compensation for any period prior to the date thereof.

"(c) Notwithstanding the provision referred to in subsection (d), the rates of gross compensation of each of the elected officers of the Senate and House of Representatives (not including the presiding officers of the two Houses), the Parliamentarian of the Senate, the Parliamentarian of the House of Representatives, the Legislative Counsel and senior counsel in the Office of the Legislative Counsel of the Senate, the Legislative Counsel of the House of Repre-

sentatives, the Coordinator of Information of the House of Representatives, and the Chief Clerk of the Senate are hereby increased by 7.5 percent.

"(d) The paragraph imposing limitations on basic and gross compensation of officers and employees of the Senate appearing under the heading 'Senate' in the Legislative Appropriation Act, 1956, is amended to read as follows:

"'No officer or employee, whose compensation is disbursed by the Secretary of the Senate shall be paid basic compensation at a rate in excess of \$8,880 per annum, or gross compensation at a rate in excess of \$16,000 per annum, unless expressly authorized by law.'

"(e) The provisions of subsection (a) shall not apply to employees whose compensation is paid from the appropriation contained in the paragraph designated 'Folding documents' under the heading 'Contingent Expenses of the Senate' in the Legislative Appropriation Act, 1958, or in any subsequent appropriation act, but the limitations contained in such paragraph are hereby increased by the amounts necessary to provide increases corresponding to those provided by subsection (a).

"(f) The Official Reporters of proceedings and debates of the Senate and their employees shall be considered to be officers or employees in or under the legislative branch of the Government within the meaning of subsection (a).

"(g) The additional compensation provided by subsection (a) shall be considered a part of basic compensation for the purposes of the Civil Service Retirement Act.

"(h) The paragraph relating to rates of compensation of employees of committees of the Senate, contained in the Legislative Appropriation Act, 1956, is amended by striking out so much of the second sentence thereof as follows the words 'First Supplemental Appropriation Act, 1947,' and inserting in lieu thereof the following: 'the basic compensation of any employee of a standing or select committee of the Senate (including the majority and minority policy committees and the majority conference of the Senate and the minority conference of the Senate), or a joint committee of the two Houses the expenses of which are paid from the contingent fund of the Senate, whose basic compensation may be fixed under such provisions at a rate of \$8,000 per annum, may be fixed at a rate not in excess of \$8,040 per annum, except that the basic compensation of 1 such employee may be fixed at a rate not in excess of \$8,880 per annum and the basic compensation of 2 such employees may be fixed at a rate not in excess of \$8,460 per annum.'

"(i) No officer or employee shall be paid increased or additional compensation for any period prior to the first day of the month following the date of enactment of this act at a rate in excess of 7.5 percent of his gross rate of compensation computed without regard to the amendment made by subsection (d).

"(j) The position of Chief Nurse in the Senate Office Building, under the Office of the Architect of the Capitol, shall be established and allocated to grade 9 of the General Schedule of the Classification Act of 1949, as amended, so long as such position is held by the present incumbent.

"SEC. 505. (a) The last sentence of section 1403 (d) of the Veterans' Benefits Act of 1957 (71 Stat. 130; Public Law 85-56), relating to the annual salaries of the directors of service or chiefs of division of the Depart-

ment of Medicine and Surgery of the Veterans' Administration is amended by striking out '\$13,225 minimum to \$14,300 maximum' and inserting in lieu thereof '\$14,300 minimum to \$15,200 maximum.'

"(b) Section 1403 (e) of such act, relating to the annual salaries of the Director of Nursing Service and the Deputy Director of Nursing Service of the Department of Medicine and Surgery of the Veterans' Administration, is amended—

"(1) by striking out '\$11,610' and inserting in lieu thereof '\$12,600'; and

"(2) by striking out '\$10,320' and inserting in lieu thereof '\$11,250'.

"(c) Section 1403 (f) of such act, relating to the annual salaries of the chief pharmacist, the chief dietitian, the chief physical therapist, and the chief occupational therapist of the department of medicine and surgery of the Veterans' Administration, is amended by striking out '\$10,320' and inserting in lieu thereof '\$11,250'.

"(d) Section 1407 (a) of such act, relating to maximum and minimum annual rates of salary of certain employees of the medical service, dental service, and nursing service of the department of medicine and surgery of the Veterans' Administration, is amended to read as follows: "'(a) The grades and per annum full-pay ranges for positions provided in paragraph (1) of section 1404 shall be as follows:

" 'MEDICAL SERVICE

" 'Chief grade, \$12,600 minimum to \$13,800 maximum.

" 'Senior grade, \$11,250 minimum to \$12,500 maximum.

" 'Intermediate grade, \$9,750 minimum to \$11,000 maximum.

" 'Full grade, \$8,140 minimum to \$9,290 maximum.

" 'Associate grade, \$6,870 minimum to \$8,020 maximum.

" 'Junior grade, \$6,360 minimum to \$7,230 maximum.

" 'DENTAL SERVICE

" 'Chief grade, \$12,600 minimum to \$13,800 maximum.

" 'Senior grade, \$11,250 minimum to \$12,500 maximum.

" 'Intermediate grade, \$9,750 minimum to \$11,000 maximum.

" 'Full grade, \$8,140 minimum to \$9,290 maximum.

" 'Associate grade, \$6,870 minimum to \$8,020 maximum.

" 'Junior grade, \$6,360 minimum to \$7,230 maximum.

" 'NURSING SERVICE

" 'Assistant director, \$8,140 minimum to \$9,290 maximum.

" 'Senior grade, \$6,870 minimum to \$8,020 maximum.

" 'Full grade, \$5,850 minimum to \$6,720 maximum.

" 'Associate grade, \$5,085 minimum to \$6,010 maximum.

" 'Junior grade, \$4,330 minimum to \$5,250 maximum.'

"(e) Section 1408 (d) of such act, prescribing the maximum amount of pay and allowances of medical, surgical, and dental specialists of the department of medicine and surgery of the Veterans' Administration, is amended by striking out '\$13,760' and inserting in lieu thereof '\$15,200'.

"SEC. 506. The Foreign Service Act of 1946, as amended, is amended as follows:

"(a) The schedule contained in section 412 of such act, as amended, is amended to read as follows:

" Class 1.....	\$16,060	\$16,500	\$16,940	\$17,380	\$17,500		
Class 2.....	13,860	14,190	14,520	14,850	15,180	\$15,510	\$15,840
Class 3.....	11,550	11,880	12,210	12,540	12,870	13,200	13,530
Class 4.....	9,765	10,040	10,315	10,590	10,865	11,140	11,415
Class 5.....	7,955	8,225	8,495	8,765	9,035	9,305	9,575
Class 6.....	6,560	6,775	6,990	7,205	7,420	7,635	7,850
Class 7.....	5,485	5,645	5,805	5,965	6,125	6,285	6,445
Class 8.....	4,625	4,785	4,945	5,105	5,265	5,425	5,585

\$5,745

"(b) Section 415 of such act, as amended, is amended to read as follows:

"SEC. 415. There shall be 22 classes of Foreign Service staff officers and employees,

"Class 1.....	\$11,770	\$12,120	\$12,470	\$12,820	\$13,170	
Class 2.....	10,815	11,115	11,415	11,715	12,015	
Class 3.....	9,895	10,175	10,455	10,735	11,015	
Class 4.....	8,890	9,165	9,440	9,715	9,990	
Class 5.....	8,200	8,435	8,670	8,905	9,140	\$9,375
Class 6.....	7,515	7,725	7,935	8,145	8,355	8,565
Class 7.....	6,830	7,035	7,240	7,445	7,650	7,855
Class 8.....	6,145	6,350	6,555	6,760	6,965	7,170
Class 9.....	5,455	5,660	5,865	6,070	6,275	6,480
Class 10.....	5,000	5,175	5,350	5,525	5,700	5,875
Class 11.....	4,540	4,680	4,820	4,960	5,100	5,240
Class 12.....	4,085	4,225	4,365	4,505	4,645	4,785
Class 13.....	3,645	3,785	3,925	4,065	4,205	4,345
Class 14.....	3,225	3,365	3,505	3,645	3,785	3,925
Class 15.....	3,020	3,125	3,230	3,335	3,440	3,545
Class 16.....	2,810	2,880	2,950	3,020	3,090	3,160
Class 17.....	2,600	2,670	2,740	2,810	2,880	2,950
Class 18.....	2,395	2,465	2,535	2,605	2,675	2,745
Class 19.....	2,190	2,260	2,330	2,400	2,470	2,540
Class 20.....	1,980	2,050	2,120	2,190	2,260	2,330
Class 21.....	1,770	1,840	1,910	1,980	2,050	2,120
Class 22.....	1,565	1,635	1,705	1,775	1,845	1,915

"SEC. 507. Section 505 of the Classification Act of 1949, as amended (5 U. S. C. 1105), is amended by adding at the end thereof a new subsection as follows:

"(f) The Administrator of the United States Courts is authorized to place a total of four positions in grade 17 of the General Schedule. Such positions shall be in addition to the number of positions authorized to be placed in such grade by subsection (b)."

"SEC. 508. Section 505 (b) of the Classification Act of 1949, as amended, is amended by striking out 'twelve hundred and twenty-six' and inserting 'eighteen hundred', by striking out 'three hundred and twenty-nine' and inserting 'four hundred and seventy-five', and by striking out 'one hundred and thirty' and inserting 'one hundred and ninety.'

"SEC. 509. (a) The first section of the act of August 1, 1947 (Public Law 313, 80th Cong.), as amended is amended by striking out 'one hundred and twenty' and 'twenty-five' in subsection (a) and inserting in lieu thereof 'four hundred and fifty' and 'fifty', respectively.

"(b) Such section is further amended by striking out 'thirty' in subsection (b) and inserting in lieu thereof 'one hundred and fifty.'

"(c) Such section is further amended by adding at the end thereof the following new subsections:

"(d) The Secretary of the Interior is authorized to establish and fix the compensation for not more than 10 scientific or professional positions in the Department of the Interior, each such position being established to effectuate those research and development functions of such Department which require the services of specially qualified personnel.

"(e) The Secretary of Agriculture is authorized to establish and fix the compensation for not more than five scientific or professional positions in the Department of Agriculture, each such position being established to effectuate those research and development functions of such Department which require the services of specially qualified personnel.

"(f) The Secretary of Health, Education, and Welfare is authorized to establish and fix the compensation for not more than five scientific or professional positions in the Department of Health, Education, and Welfare, each such position being established to effectuate those research and development functions of such Department which require the services of specially qualified personnel.

"(g) The Secretary of Commerce is authorized to establish and fix the compensation for not more than 50 scientific or professional positions in the Department of Commerce, each such position being established to effectuate those research and de-

velopment functions of such Department which require the services of specially qualified personnel."

"(d) Section 3 of such act is amended by inserting after 'Secretary of Defense' a comma and the following: 'the Secretary of the Interior, the Secretary of Agriculture, the Secretary of Commerce, the Secretary of Health, Education, and Welfare,' and by inserting after 'Military Establishment' a comma and the following: 'the Department of the Interior, the Department of Agriculture, the Department of Commerce, the Department of Health, Education, and Welfare.'

"SEC. 510. The Chief and the Assistant Chief of the Training and Standards Branch, of the National Institute of Mental Health shall be paid basic compensation at the rate of \$17,500 per annum, except that if the person holding either such office is subject to the provisions of the Career Compensation Act of 1949, as amended, such person shall be paid such compensation as, when added to his pay and allowances under such act, will cause his total compensation to be at the rate of \$17,500 per annum.

"SEC. 511. Except as provided in sections 4 (c) and 9, (1) no rate of compensation or salary which is \$17,500 or more per annum shall be increased by reason of this act, and (2) no rate of compensation or salary shall be increased by reason of this title to an amount in excess of \$17,500 per annum.

"SEC. 512. (a) During the calendar quarter beginning on April 1, 1958, no appointment may be made to any civilian office or position in the executive branch of the Government.

"(b) During any calendar quarter beginning after July 1, 1958, the total number of appointments made to civilian offices and positions in the executive branch of the Government shall not exceed a number equal to one-third of the vacancies which occurred in such offices and positions during the preceding calendar quarter.

"(c) As used in this section, the terms 'office' and 'position' shall not include—

"(1) any office or position required to be filled by the President by and with the advice and consent of the Senate;

"(2) a postmaster of the fourth class;

"(3) any office or position filled from within the department or agency;

"(4) any office or position held by an officer or employee paid wholly from a trust fund, or a fund derived from a trust account;

"(5) any office or position held by an employee employed without compensation;

"(6) any position held by a seasonal or casual worker;

"(7) any office or position the filling of which is determined by the President to be necessary to the effective administration, execution, and operation of the national

health, security, welfare, and management functions and activities of the Government;

"(8) any office or position filled by any person in the exercise of reemployment rights under section 9 of the Universal Military Training and Service Act or any other provision of law conferring reemployment rights upon persons who have performed active duty in the Armed Forces, or by any person required to be restored to an office or position pursuant to an order of the Civil Service Commission or of any court; and

"(9) any office or position in the General Accounting Office.

"(d) The provisions of this section shall not apply during any calendar quarter if at the end of the preceding calendar quarter the aggregate number of full-time civilian officers and employees (including the full-time equivalent of part-time employment but excluding employees holding positions referred to in subsection (c) (4), (5), and (6)) does not exceed 2,150,000 or such other figure as may be established from time to time by Executive order of the President.

"(e) The President may authorize the Director of the Bureau of the Budget to promulgate such rules and regulations as may be necessary to carry out the provisions of this section.

"(f) The provisions of subsection (a) of this section shall not be construed to prohibit any appointment which is made pursuant to a commitment made prior to the date of enactment of this act.

"SEC. 513. (a) (1) Clause (2) of that paragraph of section 602 of the Classification Act of 1949, as amended (5 U. S. C. 1112), which defines the level of difficulty and responsibility of work in grade 5 of the General Schedule (GS-5) is amended to read as follows:

"(2) to perform, under immediate supervision, and with little opportunity for the exercise of independent judgment, simple and elementary work requiring professional, scientific, or technical training; or"

"(2) Clause (2) of that paragraph of the same section which defines the level of difficulty and responsibility of work in grade 7 of the General Schedule (GS-7) is amended to read as follows:

"(2) under immediate or general supervision, to perform somewhat difficult work requiring (A) professional, scientific, or technical training, and (B) to a limited extent, the exercise of independent technical judgment; or"

"(b) The Civil Service Commission shall exercise its authority to issue such standards or regulations as may be necessary for the administration of subsection (a) of this section.

"SEC. 514. (a) Notwithstanding section 3679 of the Revised Statutes, as amended (31 U. S. C. 665), the rates of compensation of officers and employees of the Federal Government and of the municipal government of the District of Columbia whose rates of compensation are fixed by administrative action pursuant to law and are not otherwise increased by this act are hereby authorized to be increased, effective on or after the first day of the first pay period which began on or after October 1, 1957, by amounts not to exceed the increases provided by this title for corresponding rates of compensation in the appropriate schedule or scale of pay.

"(b) Any appropriation required to be apportioned pursuant to section 3679 of the Revised Statutes, as amended, may be apportioned on a basis indicating the need for a supplemental or deficiency estimate of appropriation to the extent necessary to permit payment of such increases as may be granted officers and employees of the Federal Government and of the municipal government of the District of Columbia whose rates of compensation are fixed by administrative action pursuant to law, but only to the extent that such increases do not exceed the increases

provided by this title for corresponding rates of compensation in the appropriate schedule or scale of pay.

"(c) Nothing contained in this section shall be deemed to authorize any increase in the rates of compensation of officers and employees whose rates of compensation are fixed and adjusted from time to time as nearly as is consistent with the public interest in accordance with prevailing rates or practices.

"SEC. 515. (a) Retroactive compensation or salary shall be paid by reason of this title only in the case of an individual in the service of the United States (including service in the Armed Forces of the United States) or the municipal government of the District of Columbia on the date of enactment of this act, except that such retroactive compensation or salary shall be paid (1) to an officer or employee who retired during the period beginning on the first day of the first pay period which began on or after October 1, 1957, and ending on the date of enactment of this act for services rendered during such period and (2) in accordance with the provisions of the act of August 3, 1950 (Public Law 636, 81st Cong.), as amended, for services rendered during the period beginning on the first day of the first pay period which began on or after October 1, 1957, and ending on the date of enactment of this act by an officer or employee who dies during such period.

"(b) For the purposes of this section, service in the Armed Forces of the United States, in the case of an individual relieved from training and service in the Armed Forces of the United States or discharged from hospitalization following such training and service, shall include the period provided by law for the mandatory restoration of such individual to a position in or under the Federal Government or the municipal government of the District of Columbia.

"SEC. 516. (a) Except as provided in subsection (b) of this section, this title shall take effect as of the first day of the first pay period which began on or after October 1, 1957.

"(b) This section and sections 501, 504 (b), 504 (e), 504 (h), 504 (j), 510, 514, and 515, shall take effect on the date of enactment of this act.

"(c) For the purpose of determining the amount of insurance for which an individual is eligible under the Federal Employees' Group Life Insurance Act of 1954, all changes in rates of compensation or salary which result from the enactment of this title shall be held and considered to be effective as of the date of such enactment."

Mr. MONRONEY. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. MONRONEY. Would it be in order to make a motion to recommit the bill with instructions to report the bill back forthwith without the recently adopted amendment by the distinguished junior Senator from Louisiana [Mr. LONG]?

My reason for making this inquiry is that if the bill shall be enacted as amended we shall be setting a pattern for 15 percent pay increases throughout the Federal Government.

We have set a pattern for 7½ percent pay increases in the postal-pay bill, with a \$240 cost-of-living increase for the first 4 or 5 grades.

If the first 17 grades are covered, all grades will be covered, except the specialized, high-level civil-service groups, with pay increases which will average perhaps 12 or 15 percent. Thus, if we

leave the Long amendment in the bill, a pattern will be set for nearly 2 million additional classified workers; and the pattern has always been that they are entitled roughly to the same pay increases as those accorded the postal workers.

Therefore, we can figure on a 12- or 15-percent pay increase for all of the 2½ million civil-service employees of the Government.

If we vote to recommit the bill, and then pass it without the Long amendment, we can go to a conference and have a wide-open conference. We can take out the \$240 cost-of-living increase, modify it downward, or raise the percentage upward, and reach some kind of a sensible agreement. However, if we pass the bill with the Long amendment in it, we not only will involve this country in expending far more money than it is contemplated will be derived from the 5-cent postage stamp and the rates on other services, but we will wind up with a far greater postal deficit than we started with when we took the bill up. We will also set a precedent for industry, which today is plagued with unemployment and with layoffs and part-time work, by saying to all the people who work for industry, "The Federal Government believes in a 15-percent pay increase at a time when the revenue to pay the increase is declining."

Mr. President, I therefore move to recommit the bill to the committee with instructions that it be reported back forthwith after striking the Long amendment, which will leave the bill as it was up to the time the Long amendment was agreed to.

Several Senators addressed the Chair.

The PRESIDING OFFICER (Mr. KENNEDY in the chair). The Senator from Oklahoma propounded a parliamentary inquiry as to whether a motion to recommit would be in order. If the Senator from Oklahoma is recognized, it will be in order. The Senator from Kansas [Mr. CARLSON] now has the floor.

Mr. MONRONEY. Mr. President, after conferring with the majority leader on the parliamentary situation I will withhold my motion to recommit for the time being so that we can work out some other parliamentary device by which to accomplish the same purpose.

The PRESIDING OFFICER. The Senator from Kansas.

Mr. CARLSON. Mr. President, I wish to state to my colleague from Oklahoma that he is becoming concerned about this matter far too late. I tried to stress this point when we started the consideration of the bill.

We have adopted the amendment proposed by the Senator from South Carolina [Mr. JOHNSTON], which provides practically a 12-percent pay increase. I would not become alarmed about \$18 million or \$20 million. Even if we strike out the Long amendment, we will have a 12-percent pay increase bill.

The Senator is concerned about the increases for the classified civil-service employees, for the military personnel, and for those who work in industry, I will state to the Senator that we have now set the pattern. Why worry about

it? We are going to have to work this matter out in conference. I do not think it makes any difference whether a few million dollars are provided for a few employees in the bill. We have nearly 500,000 employees provided for at 12 percent.

Mr. President, I think the worry is coming very late.

Mr. President, I have a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. CARLSON. What is the question pending before the Senate?

The PRESIDING OFFICER. The amendment of the Senator from South Carolina [Mr. JOHNSTON].

Mr. CARLSON. Is that amendment open to amendment?

The PRESIDING OFFICER. Yes, it is.

Mr. CARLSON. Mr. President, I offer an amendment to it.

The PRESIDING OFFICER. If the Senator will send it to the desk, and the clerk will state the amendment to the amendment.

The CHIEF CLERK. On page 18, after line 6, of the additional amendment, it is proposed to insert a new paragraph as subsection (b) of section 8, as follows:

(b) Such section is further amended by striking out "thirty-seven" in subsection (e) and inserting in lieu thereof "seventy-five."

The PRESIDING OFFICER. The Senator from Kansas is recognized.

Mr. CARLSON. Mr. President, I offer this amendment because it affects the top employees in the Federal Bureau of Investigation. The action suggested would permit the Director of the Federal Bureau of Investigation, United States Department of Justice, who is Mr. Hoover, to place a total of 75 positions in the Federal Bureau of Investigation in grades 16, 17, and 18.

Such positions would be in addition to the number of positions which are authorized to be placed in such grades by the Civil Service Commission.

This amendment is requested because of the increased responsibility of the Federal Bureau of Investigation, and it is imperative and necessary to place these Bureau position salaries at levels comparable with those of other agencies, in order to provide a sufficient incentive to employees occupying these positions.

I sincerely hope, Mr. President, that the amendment to the amendment will be accepted by the chairman of the committee, in order that it may be considered in conference.

Mr. SALTONSTALL. Mr. President, will the Senator yield for a question?

Mr. CARLSON. I yield.

Mr. SALTONSTALL. Do I correctly understand that the amendment presently pending before the Senate is an amendment to tie the classified employees pay bill to the postal rate bill and the postal pay bill?

Mr. CARLSON. I understand from the Presiding Officer, the distinguished Senator from Massachusetts, that such an amendment is the pending question.

Mr. SALTONSTALL. May I ask the Senator to answer this question: Are

not the problems of the classified employees pay bill quite different from those of the postal employees pay bill? It has always been my understanding that the problems are quite different and that such matters should be considered in separate bills, and that in order to be fair there should be separate classifications and separate increases, if we determine to give the employees an increase.

Mr. CARLSON. Mr. President, I wish to state to the Senator from Massachusetts that if I had my way I would not tie the classified pay bill to the postal rate bill and the postal pay bill.

It is my desire to give the classified workers a pay increase which is in keeping with what all Government employees should receive. If we tie the pay increase for those employees to the bill under consideration, in my opinion, it is going to make the situation extremely difficult.

We could pass the classified pay increase bill at a comparable figure of 7½ or 8½ percent, and the employees would be able, within a reasonable time, to receive such increase. That bill could pass the Senate. It could go through the Committee on Post Office and Civil Service, and through the House, and could be enacted into law.

My personal opinion is that if we tie this amendment to the bill under consideration, the classified employees will be caught in a bind. I do not want to put them in that position.

While I have the floor, Mr. President, I wish to mention that there is another group to whom we should give consideration, and about whom we have had hearings in our committee. I refer to retired employees. There is some proposed legislation with regard to them on the calendar. Let us not single out certain groups. The retirees, who contributed 100 cents on the dollar, are getting back 50 cents on the dollar. I think they are entitled to consideration.

I am not going to move that the Senate take action on that subject today, but I invite the attention of Senators to that situation.

Mr. SALTONSTALL. Mr. President, will the Senator yield for another question?

Mr. CARLSON. I am glad to yield.

Mr. SALTONSTALL. Would it not be more fair to the classified employees at the present time to vote against tying the classified pay bill to the postal rate bill, so that we can vote on that question separately with the hope that we can provide a fair increase for classified employees?

Mr. CARLSON. My personal opinion is that that is the right thing to do. That is the way I shall vote. The pending amendment proposes to tie the matters together.

The PRESIDING OFFICER. Do any other Senators seek recognition?

The question is on agreeing to the amendment offered by the Senator from Kansas [Mr. CARLSON] to the amendment of the Senator from South Carolina [Mr. JOHNSTON].

Mr. KNOWLAND. Mr. President—
The PRESIDING OFFICER. The Senator from California.

Mr. KNOWLAND. Does the amendment of the Senator from Kansas apply to the classified pay amendment which has been offered by the Senator from South Carolina?

Mr. CARLSON. It is an amendment to the Classified Act, to increase the compensation of certain employees of the FBI.

Mr. KNOWLAND. I merely wish to say that it is entirely possible that Senators may vote for the amendment offered by the Senator from Kansas, to clarify the amendment of the Senator from South Carolina, but I shall not vote to attach the classified pay bill to the pending postal rate bill.

I agree with the Senator that such action would be a mistake. I think it would jeopardize the pay raise for the classified civil service employees, and might tie it up for a prolonged period of time.

As I understand, there is no particular controversy as to the classified pay bill. The classified pay bill as reported from the committee does not diverge very much from the recommendations made by the administration. There is a chance, very soon, of having a classified pay bill passed on its own merits. I hope such a bill will not be attached to the pending postal pay and postal rate bill, which may not become a law.

Mr. SALTONSTALL. Mr. President, will the Senator yield?

Mr. HOLLAND. Mr. President, will the Senator yield?

Mr. KNOWLAND. I yield, if I have the floor, to the Senator from Massachusetts.

Mr. SALTONSTALL. I should like to add a statement to what the Senator from California has said.

The Senate has pending before it a pay bill for the military services. That bill should be considered on its merits, just like the classified pay bill should be considered. If the classified pay bill is tied to the postal pay bill, there is no reason why the military pay bill should not be also tied to it.

We should consider these bills separately, as I see it.

Mr. HOLLAND. Mr. President, will the Senator yield?

Mr. KNOWLAND. I yield to my good friend, the Senator from Florida.

Mr. HOLLAND. Mr. President, I thoroughly approve of the position taken by the Senator from California. There is a justification, in my opinion, for attaching the postal pay bill to the postal rate bill, but I do not think there is any reason whatever for the attaching of the classified pay bill to the postal pay bill.

Mr. KNOWLAND. May we have order, Mr. President, so that the Senator may be heard?

The PRESIDING OFFICER. The Senate will be in order.

Mr. HOLLAND. I thank the Senator from California, and I thank the Presiding Officer.

Whether they realize it or not, Senators are preparing to load up the measure so that nothing helpful can result

from it. There is a relationship between a 5-cent rate for first-class letters and an increase in the salaries of postal employees, and the matter of affording an opportunity to improve postal facilities. Those subjects are tied together. But if Senators attach the classified pay increase measure to the postal rate and postal salary increase bill, in my judgment they will have difficulty in passing the bill. Personally I will not vote for it in that event, and I think other Senators will react likewise.

Furthermore, we would make it much more difficult for the Executive to approve it, and, in my judgment, we would make the problem of the conferees very much more difficult. We would invite those who wish to see a pay increase for the employees and personnel of the armed services to tie that bill to the pending measure. In my judgment we would be riding toward disaster, and taking a real chance of defeating the very legitimate effort of our committee to increase the pay of employees of the postal service in the lower brackets somewhat in conformity with the increase in the cost of living.

I hope Senators will not insist upon tying the classified pay increase bill to the pending measure. If they do, I want it to be known, first, that I will not vote for it. Second, that I do not believe it can be approved in that form. Third, that it would defeat the fine work done by the committee in the effort to improve the position of the postal employees.

Mr. KNOWLAND. Mr. President, I thank the distinguished Senator from Florida. I think he has made a very able and cogent argument as to why the classified pay increase bill should not be attached to the pending measure.

Mr. CARLSON. Mr. President, in order to reach a clear-cut issue, inasmuch as I understand that my amendment is interfering with that objective, I am willing to withdraw it in order that we may meet the issue as to whether my amendment should be attached to the postal pay bill or whether it should be considered separately.

If the Senate should vote to adopt the Johnston amendment, the bill would not be open to further amendment. I have some amendments which I should like to offer to the bill. I am willing to withdraw my pending amendment in order that the Senate may meet the issue at once.

Mr. KNOWLAND. I think that would present a clear-cut issue as to whether we are to attach a classified pay bill to the postal rate and postal pay bill.

Mr. CARLSON. I ask unanimous consent to withdraw the amendment.

The PRESIDING OFFICER. The Senator has the right to withdraw his amendment.

Mr. STENNIS. Mr. President, will the Senator yield?

Mr. KNOWLAND. I yield to the distinguished Senator from Mississippi.

Mr. STENNIS. Mr. President, I stated in the beginning that I was opposed to joining the two bills. However, if Senate bill 734 is offered as an amendment to the pending bill and is agreed to, I have an amendment to offer. My

preliminary inquiry is this: Would further amendments to Senate bill 734 be precluded if it should now be adopted as an amendment to the pending bill?

The PRESIDING OFFICER. The Johnston amendment would not be open to amendment if it were agreed to.

Mr. STENNIS. Before there is any disposition of the Johnston amendment, I offer to it an amendment on behalf of the Senator from Kansas [Mr. CARLSON], the Senator from South Carolina [Mr. JOHNSTON], the Senator from Alabama [Mr. HILL], the Senator from Mississippi [Mr. EASTLAND], and myself, which I send to the desk and ask to have stated.

The PRESIDING OFFICER. The amendment will be stated.

The LEGISLATIVE CLERK. On page 26, between lines 2 and 3, it is proposed to insert a new section, as follows:

SEC. 16. It is the sense of the Congress that appropriations for cooperative agricultural extension work and appropriations for payments to State agricultural experiment stations for the fiscal year beginning July 1, 1958, and subsequent fiscal years should include additional amounts sufficient to provide increases in the portion of the compensation of persons employed in such work or by such stations, which is paid from such appropriations, corresponding to the increases provided for employees under this act.

On page 26, line 3, it is proposed to strike out "section 16" and insert "section 17."

Mr. STENNIS. Mr. President, as I say, I am opposed to the joining of the classified workers' pay bill to the pending postal bill; but if this amendment is not offered now, it will be cut off, and cannot be offered later, should the classified workers' pay bill amendment be adopted.

My amendment is very simple, and it is stated very clearly. In the classified workers' pay bill there are increases for all agricultural workers who are paid by the Federal Government. That leaves the extension workers, who work at the county level, and frequently in the same building, without any recognition in the pay bill, even though a part of their salary is paid by the Federal Government.

This amendment merely provides that, as to the Federal appropriation part of their salary, it is the sense of the Congress that the Federal-appropriation portion of their salary should be increased in proportion to the increases granted to other agricultural workers in the bill.

This amendment was prepared in conference with the Senator from Kansas [Mr. CARLSON]. We discussed adding the experiment station workers, who are in the same category except that they do not work at the county level. A part of their salary is paid by the State and a part by the Federal Government.

As I have already stated, this amendment is sponsored also by the Senator from South Carolina [Mr. JOHNSTON], the Senator from Kansas [Mr. CARLSON], the Senator from Alabama [Mr. HILL], and the Senator from Mississippi [Mr. EASTLAND].

Mr. CARLSON. Mr. President, not only am I supporting the amendment, but, if it should develop that the Senate

should decide to separate these measures and act upon them separately, I shall support the amendment at the time it is offered to the other bill.

Mr. STENNIS. I appreciate the sentiments of the Senator from Kansas.

Mr. THYE. Mr. President, will the Senator yield?

Mr. STENNIS. I yield.

Mr. THYE. What the distinguished Senator from Mississippi has just stated is a matter of fact. Extension workers have not been considered in connection with salary increases in the past, and it is for that reason that the distinguished Senator is bringing the subject to the attention of this body, in order that it may be justly and properly considered along with provisions relating to pay increases for classified workers.

Mr. STENNIS. The Senator from Minnesota is correct, except to this extent: The Appropriations Committee now has the authority, in acting on appropriation bills, to take into consideration whether or not any of the money shall go for the salaries of extension workers and experiment station workers. This amendment is not mandatory, of course, upon the Appropriations Committee, but is a statement of the sense of the Congress, that in adjusting those appropriations—and they are adjustable—the committee should take into consideration the amount of increase which is granted to the other workers.

Mr. BRIDGES. Mr. President, will the Senator yield?

Mr. STENNIS. I yield.

Mr. BRIDGES. I realize what the distinguished Senator from Mississippi is attempting to do. I am sympathetic toward the objective. I am one of perhaps not more than two Members of this body who were formerly in agricultural extension work.

As I say, I am sympathetic toward what the Senator is attempting to do. I do not know that it makes much difference in connection with the pending bill, because it is certainly a mixed-up mess as it stands today. However, the Senator is on unsound ground and is following an unsound procedure when he attempts to bind future appropriations committees in years to come as to what they should do. While I am entirely sympathetic toward the objective, it would be much sounder if the distinguished Senator, who is a member of the Appropriations Committee, would permit us to deal with that problem when it arises.

Although sympathizing with the objective of the Senator, I believe the approach is absolutely wrong.

Mr. STENNIS. I should like to say to the Senator from New Hampshire that this matter has come up every year in the Committee on Appropriations. There has been, so far, no definite and distinct guide to follow. There are, frequently, differences of opinion within the committee, and also differences between the two Houses. The net result has been that these workers, in my opinion, have been discriminated against. There is an important factor of morale involved in this subject.

If Congress would express itself as being the sense of Congress that in the Appropriations Committees, in passing on these matters, adjustments should be made in proportion to the increases which are given to other agricultural workers, I believe it would be a great help to the Appropriations Committee. It is not mandatory.

These matters vary from State to State. The money which is appropriated does not always have to be used for salaries, and the Appropriations Committee can look into it as to each State. However, unless there is some definite guide established, the net result will be that these workers will be neglected.

I do not see on the floor the Senator from Georgia [Mr. RUSSELL]. I discussed it with him and I have gone over it with him. I wish he were here to say a word. He is not opposing the amendment, but he did reserve the right to work the matter out in the Appropriations Committee, which is very sound and proper.

Mr. BRIDGES. I think it should be worked out in the Committee on Appropriations, not on the floor of the Senate. I sympathize with what the Senator is attempting to do, but this is not the proper place to do it.

I wish to say again that the pending bill is a mixed-up bill; indeed, I have never seen a bill that has been more mixed up than the pending bill.

Mr. STENNIS. If the Senator would let me address a question to him, I should like to do so. He certainly is well prepared to discuss the subject from the standpoint of the merits of the subject of the pay of the extension workers and experiment-station workers, and he is also a former chairman of the Committee on Appropriations and a very active member of it. If it is merely a matter of general principle and policy to which the Senator agrees, and agrees that it is generally sound, could he not join in the adoption of the amendment, with the final disposition of the matter to be worked out in the Committee on Appropriations?

Mr. BRIDGES. I will not fight it. I merely say this is not the proper way in which to proceed. I think the matter should be handled in a different way. We are going far afield by legislating in this way. I know how sincere the Senator is, and I know his objective is proper.

Mr. STENNIS. I thank the Senator. I should like to make one further point. There is such a variation from State to State as to how these workers are paid that it is frequently very difficult for the Committee on Appropriations to apply an across-the-board rule which would be fair to all of them. In the confusion and discrepancies that exist, frequently the problem is left unsolved. In some States the workers are paid very well indeed—indeed, at levels comparable and favorable to the pay of other agricultural workers. In other States they are not. For years and years there has been an effort to level off. I believe the amendment, with the Appropriations Committee still having full au-

thority to make the final decision, will furnish a guideline which will be helpful and will bring the matter up to a better level, and also enable Congress to deal better with the different States. There is no doubt in my mind that this is an affirmative and constructive measure which will work for the benefit of all such workers. The Appropriations Committee can make certain that no State will reduce its appropriation because of any increase which might come from Congress. Therefore, I think it is sound, and I offer the amendment.

Mr. COOPER. Mr. President, I understand from his remarks that the junior Senator from Oregon, who has taken a leading part in the debate, on the pending bill, joins with the senior Senator from Kansas in opposing the amendment which would attach the classified employees bill to the postal pay raise and pay-rate bill. I am not clear whether the Senator's objections are based upon the premise that it is not germane, or that the classified pay bill has not been sufficiently considered, or whether it would affect adversely the passage of the postal pay rate and pay-raise bill. Would the Senator care to elucidate his reasons for opposing the attachment of the classified pay bill to the postal pay raise-postal pay rate bill?

Mr. NEUBERGER. I wish to say, so far as my remarks in the Senate are concerned, that I have not discussed—

Mr. MORSE. Mr. President, may we have order?

Mr. NEUBERGER. I do not blame the Senator from Kentucky for not being able to hear—

Mr. DIRKSEN. Mr. President, the Senate is not in order. We cannot hear.

The PRESIDING OFFICER. The Senate will be in order. Senators will resume their seats.

Mr. COOPER. I have been much impressed by the Senator's argument of the junior Senator from Oregon during the debate. I have also followed very closely the argument of the senior Senator from Kansas. I wish to hear the reasons of the junior Senator from Oregon for opposing the attachment of the amendment to the bill.

Mr. NEUBERGER. I have not discussed the attaching of the classified pay bill as an amendment to the pending bill. I do not criticize the Senator from Kentucky for not being able to hear me. I have read in books that elephants have the most acute sense of hearing of any animals. However, I do not believe that even the most robust elephant that ever trod the African veldt could hear anything accurately on the floor of the Senate in view of the turmoil and confusion which have prevailed here today.

What I did discuss today was this: I wished to announce for the RECORD that had we had a recorded vote, instead of the voice vote, on adding the postal pay bill to the postal rate bill, I would not have voted to do that.

After the Senate adopted the Long amendment, which I regard as highly unwise, and as throwing completely out of kilter the whole basic and essential and fundamental purpose of doing justice to postal employees in the lower

brackets, I became convinced that the bill is now in an adverse and unwise form. Therefore all that I have commented on so far has been the adding of the postal pay bill to the postal rate bill.

So far as the classified pay bill is concerned, it seems to me that enough damage has already been done on the floor of the Senate tonight, and that if we add the classified pay bill to the rate-pay bill structure, hastily conceived and loosely drawn as the existing bill with the Long amendment is now, it will merely add insult to injury.

The Long amendment, it seems to me, totally throws out of all proportion what we were trying to do in the weeks and weeks of hearings on the postal pay bill. I wish that someone who voted in favor of the Long amendment would move to reconsider the vote, so that we will have an adequate bill. Otherwise we will have the most confused result that anyone can possibly imagine.

Mr. COOPER. Mr. President, I thank the Senator. That is the answer I expected him to make. I am glad he made it. I understood throughout the debate that the bonus proposed for the postal workers in the lower brackets was to bring some balance between the pay of those in the lower classifications and the pay of those in the higher classifications. I was very much surprised when the vote came to find out that our leaders who had argued throughout the debate against the bonus were supporting the Long amendment. Therefore, I hope that some Senator who voted for the amendment will move to reconsider the vote by which it was adopted. I am glad the distinguished junior Senator from Oregon has made clear his opinion on this point.

Mr. MORSE. Mr. President, I think the junior Senator from Oregon has made a very persuasive, clear argument in support of the position he has taken. I think some of us find ourselves in the position of not wanting to discriminate against the supervisory employees of the post office. However, as one who, on the yea-and-nay vote, voted for the Long amendment, I think it should be possible to work out a procedure whereby a commitment could be made on the part of the committee and the leadership to proceed forthwith to hold hearings on the supervisory employee problem, if there is a reconsideration of the vote by which the Long amendment was agreed to, so that proposed legislation on this matter can be acted upon at a very early time.

I am opposed to combining the postal rate bill and the postal pay bill, and I think we may do much worse by combining the postal rate and the postal pay bills with the pay bill for classified Government workers.

So I suggest to the leadership that perhaps we might have a quorum call to enable us to have at least a few minutes for consultation, to the end that we might determine whether a commitment can be obtained which will satisfy the Senator from Louisiana [Mr. Long] that if the vote by which his amendment was agreed to shall be reconsidered, hearings will be held forthwith upon his proposal. Then perhaps

a recommendation concerning supervisory employees can be made ready by the time the classified pay bill is taken up.

My hunch is that that the Senate will never agree to an amendment which will attach the classified pay bill to the postal rate and postal pay bill.

Mr. COOPER. Mr. President, I have followed very closely the arguments which have been made by the distinguished junior Senator from Oregon [Mr. NEUBERGER] and the distinguished senior Senator from Kansas [Mr. CARLSON]. I supported the amendment offered by the Senator from Kansas, which would have given a 8½ percent raise to all postal employees across the board.

The senior Senator from West Virginia [Mr. REVERCOMB] in proposing to the senior Senator from Kansas that the 8½ percent raise be made retroactive, effective January 1, 1958, added much to the equity of the bill.

I wish to repeat that after their arguments against the bonus provision, and statements that the bonus could then be applied logically to the classified pay bill, although the purpose of the bonus in the committee amendment was to bring into balance the lower rate with the higher classification, all of which with other Members I supported. I was much surprised, I must say, when the leadership and those who had charge of the bill, then voted for the amendment offered by the junior Senator from Louisiana [Mr. Long] and the junior Senator from Texas [Mr. YARBOROUGH] which extended the bonus to all classifications.

Mr. DIRKSEN. Mr. President, will the Senator yield?

The PRESIDING OFFICER. The Senator from Kentucky has yielded the floor.

Mr. DIRKSEN. Mr. President, the pending amendment is the Stennis amendment, and I think it should be disposed of in an orderly way.

Mr. JOHNSON of Texas. Mr. President, will the Senator yield?

Mr. DIRKSEN. I yield.

Mr. JOHNSON of Texas. I have been trying to get recognition for the last 2 or 3 minutes. I think a procedure has been worked out which might be agreeable to most Senators.

Since the Senate agreed to the Long amendment on the theory that it might give more equitable treatment to certain workers, the feeling has grown that the cost of the bill might reach such a point that perhaps many Senators would want to recommit the bill.

I have talked to the distinguished Senator from Florida [Mr. SMATHERS], who was not present at the time the Johnston amendment was agreed to. He has agreed to move to reconsider the vote by which the Johnston amendment was agreed to.

If that motion should prevail, then the distinguished Senator from Oregon [Mr. MORSE], who supported the Long amendment, would be eligible to move to reconsider the vote by which the Long amendment was agreed to.

If that motion should prevail, and the Long amendment should be rejected,

then the Senate could pass the rate bill with the Johnston pay amendment included.

Then the classified pay bill could be called up on motion separately, and the additional \$240 would not be involved in it, because the classified pay bill would not have been added to the postal bill. So the question of equality would not enter into the picture.

If that procedure appeals to the Senate, I think it would be responsible procedure.

I have an agreement with ranking members of the Committee on Post Office and Civil Service to set a hearing in the early part of next week—Monday, Tuesday, or Wednesday—and to call all witnesses who may desire to testify concerning the proposal offered by the Senator from Louisiana [Mr. LONG] and my colleague, the junior Senator from Texas [Mr. YARBOROUGH]. The committee then could take action on that proposal one way or the other. I think that would be more orderly procedure. If that could be done, the postal rate and pay bill could be passed today.

Then the Senate could proceed to take up the classified pay bill and perhaps pass it without any amendments.

If the Senator from South Carolina would agree to withdraw the pending classified pay bill amendment, which he has offered, he would, in so doing, withdraw the Stennis amendment with it. Then the motion of the Senator from Florida would be in order.

If it were agreed to, the motion of the Senator from Oregon [Mr. MORSE] would be in order. If it were agreed to, the motion to reconsider the Long amendment would be in order. Then the motion to restore the Johnston amendment would be in order, and the bill could be passed.

Mr. CARLSON. Mr. President, will the Senator yield?

Mr. DIRKSEN. I yield.

Mr. CARLSON. Mr. President, I think the majority leader has worked out a satisfactory schedule of events which must take place in order to get this program back on schedule. I support it 100 percent, and I sincerely hope the Senate will do so.

Mr. KNOWLAND. Mr. President, will the Senator yield?

Mr. DIRKSEN. I yield.

Mr. KNOWLAND. I think the suggestion made by the majority leader will give the Senate an opportunity to act on this question again, without making the classified pay bill a part of the postal rate and pay bill. This will enable the Senate to exercise its will on the matter of reconsideration concerning the Long amendment, and then to discuss the matter on its merits, if it has any. But preferably, to follow the suggestion made by the majority leader, that the matter be taken up separately before the Committee on Post Office and Civil Service, would enable the Senate to pass the postal rate and pay bill tonight, and then to act separately on the classified pay bill.

Mr. DIRKSEN. Mr. President, I think the Stennis amendment is extremely bad. It asks Congress to memorialize itself. What it proposes is to have

the Senate memorialize the Committee on Appropriations to provide more money. If more money is needed, let those who want it appear before the Committee on Appropriations. Anyone can appear.

I understand the amendment will be rejected if the procedure outlined by the majority leader shall be adopted. For that reason, I yield the floor.

Mr. JOHNSON of Texas. Mr. President, I yield to the Senator from South Carolina for the purpose of withdrawing his amendment, if he desires to do so.

Mr. JOHNSTON of South Carolina. Mr. President, I agree with everything the majority leader has said. It will be remembered that it was several weeks ago when it was agreed to combine the bills.

For the information of the Senate, the House has passed bills on this subject, and they are on the floor at the present time, I understand. If we send this bill to the House, the House can send the Senate bill to conference. We are in a different situation at this time.

Mr. President, I withdraw my amendment, so that the matters can be considered separately.

Mr. LONG. Mr. President, can an amendment which has been agreed to be withdrawn?

The PRESIDING OFFICER. The amendment has not been agreed to.

Mr. SMATHERS. Mr. President, I move that the Senate reconsider the vote by which the Johnston amendment was agreed to.

Mr. LONG. Mr. President, I wish to address myself to that motion for a moment or two. A principle is involved which has always had some meaning to the junior Senator from Louisiana. It is that we ought to try to treat all Federal employees alike. I feel we should treat all of them fairly whether they happen to be high-paid or low-paid employees.

If there is to be a pay increase because of the increase in the cost of living, it seems to me we should take steps to see to it that that increase is made available to those with incomes of \$5,000 to \$10,000, as well as to those with incomes of only \$3,000 or \$4,000. If a pay raise is to be made, it seems to me that the employees in the classified service should be considered, as well as the employees who happen to be in the postal service.

Mr. President, in this instance, what are we told? In the first place, we have not heard on the floor of the Senate any argument as to why the Long-Yarborough amendment should be rejected.

I asked that the name of the junior Senator from Texas [Mr. YARBOROUGH] be added as a cosponsor of the amendment, because he originated it.

Here we have the principle that if we undertake to raise the pay of some of the Government employees, we should take steps to see to it that all of the Government employees are treated alike. The Senate agreed to do that; that is what the action taken by the Senate amounted to.

Subsequently, in arguments made from place to place—but certainly not

made here on the floor of the Senate—it was said or whispered that a mistake had been made, and that therefore the vote by which the amendment was agreed to should be reconsidered.

I understand that it has been argued that the principle of treating the supervisors in the same way that the employees in the lower brackets are to be treated should not be applied to the employees in the classified service; I understand that it was argued that to apply the same principle to the employees in the classified service would perhaps cost a great deal of money.

Of course, Mr. President, I am one who believes that what is right is right; that if something is right for a postal worker, it is also right for a classified worker.

All of these provisions will be in conference. If Senators do not wish to vote to have the classified workers receive as much of a pay raise as the postal workers are to receive, Senators have a right to vote that way.

On the other hand, if the conferees submit a report which provides that the workers in the postal service shall receive a larger pay increase than that received by the workers in the classified service, I recognize that it is possible that such a report might be agreed to.

But, Mr. President, it seems to me that the principle of treating all alike is a fair one. Certainly it is one for which some of us would like to vote.

Here is the principal difference between the amendment offered by the junior Senator from Texas [Mr. YARBOROUGH] and myself and the Johnston amendment without the addition of our amendment.

The Johnston amendment provides for a 7½-percent pay increase, plus a \$240 cost-of-living bonus. The 7½-percent increase would apply to all the workers. The \$240 bonus would apply only to those in the lower pay grades. If a \$240 bonus were applied straight across the board, naturally those in the lower pay brackets would receive, percentagewise, a much greater increase than would those in the upper brackets. Under those circumstances, a person in the lower pay brackets would be much happier to receive a lump-sum increase than to receive a percentage increase, whereas a person in the upper pay brackets obviously would fare better from a percentage increase than he would from a flat-cash increase.

But inasmuch as the committee has accepted the point of view of those in the lower pay brackets—namely, to include the provision for a straight-across-the-board cost of living bonus of \$240—it should also permit those above the \$5,000 bracket to receive such a bonus.

It seems to me that if the cash bonus proposal is to be accepted, we should recognize that the cost of living for those in the upper pay brackets has increased just as much as has the cost of living for those who happen to be in the lower pay brackets.

Some Senator pointed out, here on the floor, that approximately 3 years ago the Senate voted a large pay increase for the supervisors. That was done. That increase was, percentagewise,

greater than the increase which other employees received—for the simple reason that certain groups of workers had been receiving pay raises year in and year out, while others had not received any raises in pay. So that change was made in order to do away with the many injustices which had been done in the case of those who, year in and year out, had been left out and who had the responsibility of supervising in the Government. That was done on the basis of the principle that lay behind the action we took some years ago, when we voted a pay raise for the members of the President's Cabinet, who had not received a pay raise in approximately 20 years' time.

Unless we should base our action on the principle of treating all alike once again the salary schedules will be out of line, and the workers in the lower-pay brackets will receive pay increases, whereas the workers in the upper Government-pay brackets will not.

It is my estimate that the bill without our amendment will cost \$300 million. It is also my estimate that the amendment to take care of the pay raise proposed for the supervisors will cost approximately \$9 million. The junior Senator from Texas [Mr. YARBOROUGH] has the cost figures in mind better than I do. Let me ask the Senator from Texas whether that is his understanding.

Mr. YARBOROUGH. That is correct. The estimates vary from \$270 million to \$309 million; but to take care of the pay increase for the supervisors will cost only approximately \$9 million; and that \$9 million will include raises for the second-class, and third-class postmasters.

I wish to point out that a general classified employee has many opportunities for promotion to the higher grades, whereas a third-class postmaster does not have such opportunities. Many of the postal employees do not have opportunities for promotion comparable to those enjoyed by the employees in the classified service.

Mr. NEUBERGER. Mr. President, I should like to ask a question: What type of pay advancement does the able junior Senator from Louisiana [Mr. LONG] think is the fairer? An across-the-board, flat increase for all the workers; or a percentage increase?

Mr. LONG. It seems to me that a percentage increase would be more equitable to all concerned. A case can be made for a lump-sum payment. Such a payment tends to favor those in the lower pay brackets.

Mind you, Mr. President, I do not object to a \$240 lump-sum payment. But since such a payment would be more favorable to those in the lower pay brackets, I see no reason for objection to omitting the supervisors entirely from such a provision.

Mr. NEUBERGER. Mr. President, does the Senator from Louisiana not think the situation is unusual, when 420,000 out of a total of 519,000 employees are in level 4, and when the top pay in level 4 is about \$4,400? Furthermore, let me point out that practically all the employees in or below level 4 are the heads of families, and have very sub-

stantial responsibilities. Under those extraordinary circumstances—because the postal structure is not duplicated elsewhere in the Government, and is not duplicated at all in private industry—does not it seem fair to include a provision for a lump-sum bonus of \$240?

Mr. LONG. How many did the Senator from Oregon say were in that group?

Mr. NEUBERGER. Four hundred and twenty thousand out of a total of five hundred and nineteen thousand.

Mr. LONG. Mr. President, let me point out that in this country there happen to be 4 million aged people who are living on public welfare. They are trying to get by on anywhere from \$25 to \$65 a month. I certainly would like to do something to aid them. I certainly hope the Senator from Oregon will be prepared to help us look after the needy and the aged.

But that is not the principle in this case. The pending measure is not a public-welfare measure. It is a measure to try to reward those who are entitled to receive a pay raise and to try to offset the increase in the cost of living to which they have been subjected. Not just a few of them have been subjected to the cost-of-living increase; all of them have been subjected to it.

I submit that if a pay increase is to be given to those in the lower pay brackets, the same principle should be applied to those who are in the upper pay brackets.

If, on the other hand, we simply increase the pay of those in the lower brackets, those at the bottom of the scale, in time we shall simply find ourselves back in the old, unsatisfactory, bad situation we were in some years ago, when, as a result of increasing the pay of those in the lower brackets, but not providing a similar increase in the pay of the supervisors, we found that the Government was not receiving proper supervisory services, and the Government service was suffering.

Mr. President, I hope very much that the Senate will reject the motion to reconsider the vote by which it adopted the amendment which the junior Senator from Texas [Mr. YARBOROUGH] joined me in submitting. I hope the motion will be rejected, because I am satisfied that the principle of providing for fair treatment for all the employees will be better served by means of our amendment.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Florida [Mr. SMATHERS] that the Senate reconsider the vote by which it agreed to the amendment submitted by the Senator from South Carolina [Mr. JOHNSTON].

The motion to reconsider was agreed to.

Mr. MORSE. Mr. President, I want the junior Senator from Louisiana to know I think the objective he has in mind is sound. We have to face up to the situation that we are going to have a postal bill get through the Senate. We have a commitment from the majority leader, from the ranking minority member of the committee [Mr. CARLSON], and from the chairman of the committee

[Mr. JOHNSTON], that early next week hearings will be held on the very problem the Senator from Louisiana has just raised. In my opinion, procedurally that is the best way to handle the matter. It takes us out of a very difficult parliamentary situation.

Therefore, Mr. President, I move that the Senate reconsider the vote by which the Long amendment was agreed to.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Oregon to reconsider the vote by which the Long amendment to the Johnston amendment was agreed to.

The motion to reconsider was agreed to.

Mr. JOHNSON of Texas. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. JOHNSON of Texas. The question recurs on the adoption of the Long amendment, does it not?

The PRESIDING OFFICER. The Senator is correct.

The question is on agreeing to the Long amendment to the Johnston amendment.

The amendment to the amendment was rejected.

Mr. JOHNSON of Texas. Mr. President, a parliament inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. JOHNSON of Texas. The question now is on agreeing to the Johnston amendment, as amended; is it not?

The PRESIDING OFFICER. The Senator is correct. The question is on agreeing to the Johnston amendment, as amended.

The Johnston amendment, as amended, was agreed to.

Mr. JOHNSON of Texas. Mr. President, I understand the Senator from Kansas has an amendment he would like to submit at this time.

Mr. CARLSON. Mr. President, this afternoon the Senator from Oklahoma and I had a colloquy about striking out lines 13 through 16 on page 48 of the bill. I asked unanimous consent that the language be stricken. When that was done, the preceding paragraph ended with a semicolon.

I move that, in lieu of the semicolon, a period appear on line 12, and that the word "and" be placed between the words "organizations" and "for," on line 9, page 48, in order to make the section read sensibly.

Mr. JOHNSTON of South Carolina. Mr. President, if the Senator will yield, I will say to him that in a moment I shall make a unanimous consent request that will take care of such matters.

Mr. CARLSON. I have been advised by the legislative counsel that it is necessary to take this action.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Kansas.

The amendment was agreed to.

Mr. JOHNSTON of South Carolina. Mr. President, I ask unanimous consent that in the engrossment of the amendments of the Senate to the bill, H. R. 5836, the Secretary of the Senate be authorized to make all necessary clerical

and technical changes, including such changes in section, subsection, and paragraph numbers and references thereto as may be necessary to the proper numbering and lettering of the bill.

The PRESIDING OFFICER. Is there objection to the unanimous-consent request? The Chair hears none, and it is so ordered.

Mr. DOUGLAS. Mr. President, will the Senator from South Carolina yield so that I may address an inquiry to him?

Mr. JOHNSTON of South Carolina. I yield.

Mr. DOUGLAS. To how many classes will the \$240 cost-of-living bonus be applied? Will it be applied to the first 3 classes or to the first 5 classes?

Mr. JOHNSTON of South Carolina. The first five classes.

Mr. DOUGLAS. I thank the Senator.

Mr. KNOWLAND. Mr. President, before we finally take action on the postal rate and postal pay bill, I should like to state I am informed that, by the action of the Senate on those combined bills up to this time, we have provided for an increase in postal revenues of approximately \$700 million annually, based on a 4- and 5-cent combination first-class rate, and the other rates put into the postal rate bill; that, in connection with the postal pay provisions, the cost of the amendments thus far adopted will be approximately \$350 million; that the estimated postal deficit, when we consider the coming year and what it has been without any rate or any pay bill, and with the passage of the postal rate bill and assuming that the postal pay provision goes through as is presently in the proposed legislation before us, will remain at approximately \$350 million.

I thought that information should be available to the Senate.

Mr. CASE of New Jersey. Mr. President, will the Senator yield?

Mr. KNOWLAND. I yield.

Mr. CASE of New Jersey. Am I not correct in understanding that the \$350 million cost of the bill as it now stands includes several million, perhaps nearly as much as \$40 million to \$50 million, on account of the retroactive feature, which will not be repeated on an annual basis?

Mr. KNOWLAND. Yes; I believe that statement is correct.

Mr. CASE of New Jersey. So the annual cost will be approximately between \$300 million and \$310 million?

Mr. KNOWLAND. I think that is generally correct.

Mr. JOHNSON of Texas. Mr. President, I do not care to provoke any arguments about it, because it is very difficult to determine which figures are accurate. I know my distinguished colleague has been using the most recent figures he has been able to obtain, but I remind him that we were told that it was going to cost \$270 million. Then we were told it was going to cost \$320 million. We have added nothing and now we are told it is going to cost \$350 million. In any event, we are in the process of passing a bill which will supply twice as much revenue as the pay raises will cost. If we do that each year, pretty soon we shall clear up the deficit of the Post Office Department.

Mr. KNOWLAND. I merely desired to point out, however, that the revenues I indicated are based on a 5-cent rate outside local zones, and on a 4-cent rate inside local zones. Should the 5-cent rate provision be eliminated, I understand it would result in reducing the estimated revenue by approximately \$200 million.

Mr. JOHNSON of Texas. I have no thought that it will be eliminated in the Senate before we pass this bill. What the House does is a matter for that body to decide. I only hope we can take action on the bill so we can proceed to the consideration of the classified pay bill.

Mr. THYE. Mr. President, I do not care to associate myself with those who think a rate bill should be tied to a wage increase to which workers are justly entitled. The workers are entitled to increases whether we raise postal rates 1 cent or not. They are justly entitled to increases. It was on that basis that I voted. If some revenues are to be gained through passage of the rate bill, that is to the advantage of the Treasury Department.

Mr. JOHNSON of Texas. The Senator from Minnesota will not get me into an argument on that matter.

Mr. JOHNSTON of South Carolina. Mr. President, we all will have to acknowledge that the provisions we have agreed to thus far will result in increases in rates which will amount to about \$750 million. Personally, I have never thought that we ought in any way to tie increased postal rates to increased pay for workers, whether they be in the Post Office Department or in any other department. A provision was agreed to that 15 percent ought not to be charged against the Post Office, and that is written in the bill. If that amount is deducted, it will be seen the Post Office Department has balanced its budget, and more.

Mr. MORSE. Mr. President, will the Senator from Texas yield?

Mr. JOHNSON of Texas. I yield to the Senator from Oregon.

Mr. MORSE. As my colleagues sitting around me can testify, I voted against the Johnston amendment, which seeks to bring together the postal-rate bill and the salary or wage bill, for the reasons I set forth in a speech earlier this week, and for the reasons I have stated in answering the many requests from my home State, from postal workers, to do exactly what the Johnston amendment calls for.

I want the Record to show that I am against that parliamentary procedure in the handling of rate and wage legislation.

I wish to say, as I have said before, that I am in favor of the postal workers getting the increase which is called for by the postal wage bill.

We are now in an accomplished fact situation, where the bill will go to conference. It will be my position from now on, having done the best I could to oppose the combining of the two bills, to support the best bill that may come out of conference.

Mr. JAVITS. Mr. President, will the Senator yield?

Mr. JOHNSON of Texas. I yield to the Senator from New York.

Mr. JAVITS. There are in my State the largest number of postal workers of any State in the United States. I think the end result of legislation is, what counts. Those workers are entitled to justice. We have been trying to get it for them. This seems to me to be the constructive and effective way to do it. I am in favor of this proposed legislation, because it is the effective way to obtain for those workers a raise in pay, instead of just talking about it.

The PRESIDING OFFICER. The question is on agreeing to the committee amendment, as amended.

Mr. COOPER. Mr. President, I ask for the yeas and nays.

The PRESIDING OFFICER. The yeas and nays have been requested. Is there a sufficient second?

The yeas and nays were not ordered.

Mr. COOPER. Mr. President, the reason I asked for the yeas and nays, which have been refused, is, as I mentioned a few moments ago, some of us have been voting "yea" as to some amendments and "nay" as to some amendments. I asked for the yeas and nays so that I could be recorded as in favor of passage of the bill.

The PRESIDING OFFICER. The question is on agreeing to the committee amendment, as amended.

The committee amendment, as amended, was agreed to.

The PRESIDING OFFICER. The question is on the engrossment of the amendments and the third reading of the bill.

The amendments were ordered to be engrossed and the bill to be read the third time.

The bill was read the third time.

The PRESIDING OFFICER. The bill having been read the third time, the question is, Shall it pass?

The bill (H. R. 5836) was passed.

The PRESIDING OFFICER. Without objection, the title of the bill will be appropriately amended.

The title was amended so as to read: "An act to establish a postal policy, to adjust postal rates, to adjust the compensation of postal employees, and for other purposes."

Mr. CARLSON. Mr. President, I move to reconsider the vote by which the bill was passed.

Mr. JOHNSON of Texas. Mr. President, I move to lay on the table the motion of the Senator from Kansas to reconsider the vote by which the bill was passed.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Texas [Mr. JOHNSON] to lay on the table the motion of the Senator from Kansas [Mr. CARLSON] to reconsider.

The motion to lay on the table was agreed to.

FEDERAL EMPLOYEES PAY ACT OF 1958

Mr. JOHNSON of Texas. Mr. President, I move that the Senate proceed to the consideration of Calendar No. 740, S. 734.

The PRESIDING OFFICER. The bill will be stated by title for the information of the Senate.

The CHIEF CLERK. A bill (S. 734) to revise the basic compensation schedules of the Classification Act of 1949, as amended, and for other purposes.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Texas to proceed to consider the bill.

The motion was agreed to; and the Senate proceeded to consider the bill (S. 734) to revise the basic compensation schedules of the Classification Act of

1949, as amended, and for other purposes, which had been reported from the Committee on Post Office and Civil Service with an amendment in the nature of a substitute, and subsequently with an additional amendment, in lieu of the committee substitute for the bill, to insert the following:

That this act may be cited as the "Federal Employees Pay Act of 1958."

SEC. 2. (a) Section 603 (b) of the Classification Act of 1949, as amended (5 U. S. C. 1113 (b)), is amended to read as follows:

"(b) The compensation schedule for the general schedule shall be as follows:

Grade	Per annum rates						
	\$2,890	\$2,980	\$3,070	\$3,160	\$3,250	\$3,340	\$3,430
GS-1.....	3,180	3,270	3,360	3,450	3,540	3,630	3,720
GS-2.....	3,415	3,505	3,595	3,685	3,775	3,865	3,955
GS-3.....	3,670	3,760	3,850	3,940	4,030	4,120	4,210
GS-4.....	3,945	4,090	4,235	4,380	4,525	4,670	4,815
GS-5.....	4,385	4,530	4,675	4,820	4,965	5,110	5,255
GS-6.....	4,865	5,010	5,155	5,300	5,445	5,590	5,735
GS-7.....	5,345	5,490	5,635	5,780	5,925	6,070	6,215
GS-8.....	5,830	5,995	6,140	6,285	6,430	6,575	6,720
GS-9.....	6,360	6,505	6,650	6,795	6,940	7,085	7,230
GS-10.....	6,870	7,100	7,330	7,560	7,790	8,020	
GS-11.....	8,140	8,370	8,600	8,830	9,060	9,290	
GS-12.....	9,750	10,000	10,250	10,500	10,750	11,000	
GS-13.....	11,250	11,500	11,750	12,000	12,250	12,500	
GS-14.....	12,600	12,900	13,200	13,500	13,800		
GS-15.....	14,000	14,360	14,600	14,900	15,200		
GS-16.....	15,500	15,800	16,100	16,400	16,700		
GS-17.....							
GS-18.....							

(b) The rates of basic compensation of officers and employees to whom this section applies shall be adjusted as follows:

(1) If the officer or employee is receiving basic compensation immediately prior to the effective date of this section at one of the scheduled or longevity rates of a grade in the General Schedule of the Classification Act of 1949, as amended, he shall receive a rate of basic compensation at the corresponding scheduled or longevity rate in effect on and after such date.

(2) If the officer or employee is receiving basic compensation immediately prior to the effective date of this section at a rate between 2 scheduled or 2 longevity rates, or between a scheduled and a longevity rate, of a grade in the General Schedule, he shall receive basic compensation at a rate equal to the rate he received immediately prior to such effective date increased by an amount equal to the amount of the increase made by this section in the next lower scheduled rate of his grade.

(3) If the officer or employee (other than an officer or employee subject to paragraph (4) of this subsection), immediately prior to the effective date of this section, is receiving basic compensation at a rate in excess of the maximum longevity rate of his grade, or in excess of the maximum scheduled rate of his grade if there is no longevity rate for his grade, he shall receive basic compensation at a rate equal to the rate which he received immediately prior to such effective date, increased by an amount equal to the amount of the increase made by this section in the maximum longevity rate, or the maximum scheduled rate, as the case may be, of his grade until (A) he leaves such position, or (B) he is entitled to receive basic compensation at a higher rate by reason of the operation of the Classification Act of 1949, as amended; but, when his position becomes vacant, the rate of basic compensation of any subsequent appointee thereto shall be fixed in accordance with such act, as amended.

(4) If the officer or employee, immediately prior to the effective date of this section, is receiving, pursuant to paragraph (4) of section 2 (b) of the Federal Employees Salary Increase Act of 1955, an existing aggregate rate of compensation determined under section 208 (b) of the act of September 1, 1954 (68 Stat. 1111; Public Law 763, 83d Cong.), plus the amount of the increase

provided by section 2 of the Federal Employees Salary Increase Act of 1955, he shall receive an aggregate rate of compensation equal to the sum of (A) his existing aggregate rate of compensation determined under such section 208 (b) of the act of September 1, 1954, and (B) the amount of the increase provided by section 2 of the Federal Employees Salary Increase Act of 1955, and (C) the amount of the increase made by this section in the maximum longevity rate of his grade, until (i) he leaves his position, or (ii) he is entitled to receive aggregate compensation at a higher rate by reason of the operation of this act or any other provision of law; but, when such position becomes vacant, the aggregate rate of compensation of any subsequent appointee thereto shall be fixed in accordance with applicable provisions of law. Subject to clauses (i) and (ii) of the immediately preceding sentence of this paragraph, the amount of the increase provided by this section shall be held and considered for the purposes of section 208 (b) of such act of September 1, 1954, to constitute a part of the existing aggregate rate of compensation of such employee.

(5) If the officer or employee, at any time during the period beginning on the effective date of this section and ending on the date of enactment of this act, was promoted from one grade under the Classification Act of 1949, as amended, to another such grade at a rate which is above the minimum rate thereof, his rate of basic compensation shall be adjusted retroactively from the effective date of this section to the date on which he was so promoted, on the basis of the rate which he was receiving during the period from such effective date to the date of such promotion and, from the date of such promotion, on the basis of the rate for that step of the appropriate grade of the general schedule contained in this section which corresponds numerically to the step of the grade of the general schedule for such officer or employee which was in effect (without regard to this act) at the time of such promotion.

(6) Except as provided in paragraph (7) of this subsection, if the officer or employee is receiving basic compensation immediately prior to the date of enactment of this act as a result of action taken under section 803 of the Classification Act of 1949, as amended (68 Stat. 1106; 5 U. S. C. 1133), he shall re-

ceive the higher of either (A) a rate of basic compensation at the scheduled rate in effect on the effective date of this section to which he would have been entitled under the provisions of section 701 of the Classification Act of 1949 (5 U. S. C. 1121) had such action under section 803 not been taken, or (B) a rate of basic compensation at the scheduled rate in effect on such effective date which is equal to his existing rate, or if there is no such scheduled rate equal to his existing rate, then at the next higher scheduled rate: *Provided*, That upon approval by the Civil Service Commission, based upon a determination that such action is equitable, any such employee may be paid at any scheduled rate not in excess of the rate which he was receiving on the date of enactment of this act, adjusted in accordance with paragraph (1), (2), or (3) of this subsection.

(7) If the officer or employee has had his rate of basic compensation adjusted, under authority of section 803 of the Classification Act of 1949, as amended (68 Stat. 1106; 5 U. S. C. 1133), at any time during the period beginning on the effective date of this act and ending on the date of enactment of this act—

(A) his rate of basic compensation shall be adjusted retroactively in accordance with the initial conversion rules prescribed in paragraph (1), (2), and (3) of this subsection for the period beginning on the effective date of this section and ending on the effective date of such adjustment under such section 803, on the basis of the rate or rates which he was receiving during such period; and

(B) on and after the effective date of such adjustment under such section 803, he shall receive a rate of basic compensation adjusted in accordance with paragraph (6) of this subsection.

(8) If the officer or employee, at any time during the period beginning on the effective date of this section and ending on the date of enactment of this act, became subject to the Classification Act of 1949, as amended, at a rate of basic compensation which was fixed on the basis of a higher previously earned rate and which is above the minimum rate of the grade of such officer or employee, his rate of basic compensation shall be adjusted retroactively to the date on which he became subject to such act, on the basis of the rate for that step of the appropriate grade of the general schedule contained in this section which corresponds numerically to the step of the grade of the general schedule for such officer or employee which was in effect (without regard to this act) at the time he became subject to the Classification Act of 1949, as amended.

(9) Each officer or employee—

(A) (i) who with his position has been transferred under authority of the Classification Act of 1949, at any time during the period beginning on the effective date of this section and ending on the date of enactment of this act, from the general schedule of the Classification Act of 1949 to a prevailing rate schedule, or (ii) who, at any time during such period, transferred from a position subject to the Classification Act of 1949 to a position subject to a prevailing rate schedule,

(B) who, at all times subsequent to such transfer, was in the service of the United States (including the Armed Forces of the United States) or of the municipal government of the District of Columbia, without break in such service of more than 30 consecutive calendar days and, in the case of an individual relieved from training and service in the Armed Forces of the United States or discharged from hospitalization following such training and service, without break in service in excess of the period provided by law for the mandatory restoration of such individual to a position in or under

85TH CONGRESS
2D SESSION

H. R. 5836

IN THE SENATE OF THE UNITED STATES

FEBRUARY 28, 1958

Ordered to be printed with the amendments of the Senate

AN ACT

To readjust postal rates and to establish a congressional policy for the determination of postal rates, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 GENERAL STATEMENT

4 In the light of the findings in title II of this Act and
5 information received by the Congress with respect to postal
6 activities, revenues, and expenses, the Congress recognizes
7 that—

8 (1) adjustments in presently existing postal rates
9 and fees are necessary and desirable in order that, to
10 the extent consistent with the public interest and the

1 policies in title II of this Act, postal revenues will
 2 more nearly equal postal expenses and postal service
 3 will be improved; and

4 ~~(2)~~ it is necessary and desirable in the public
 5 interest that the Congress establish a definite, affirmative,
 6 and integrated policy with respect to postal activities,
 7 revenues, and expenses which will serve as a guide in
 8 the determination and adjustment by the Congress,
 9 from time to time, of the postal-rate structure.

10 TITLE I—POSTAL RATE INCREASES

11 SHORT TITLE

12 SEC. 101. This title may be cited as the "Postal Rate
 13 Increase Act, 1957."

14 FIRST-CLASS MAIL

15 SEC. 102. ~~(a)~~ That part of the first section of the Joint
 16 Resolution of June 30, 1947 (61 Stat. 213; 39 U. S. C.
 17 280), which precedes the proviso, is amended by striking
 18 out "3 cents" and inserting in lieu thereof "4 cents".

19 ~~(b)~~ Section 1 of the Act of October 30, 1951 (65 Stat.
 20 672; 39 U. S. C. 280), as amended, is further amended—

21 ~~(1)~~ by striking out "2 cents" wherever appearing
 22 in subsection ~~(a)~~ and inserting in lieu thereof "3 cents";
 23 and

24 ~~(2)~~ by striking out "2 cents" in subsection ~~(b)~~
 25 and inserting in lieu thereof "3 cents".

DOMESTIC AIRMAIL

SEC. 103. Section 201 of the Postal Rate Revision and Federal Employees Salary Act of 1948 (62 Stat. 1261; 39 U. S. C. 463a) is amended—

(1) by striking out "6 cents" in the first sentence and inserting in lieu thereof "7 cents"; and

(2) by striking out "4 cents" in the second sentence and inserting in lieu thereof "5 cents".

SECOND-CLASS MAIL

SEC. 104. (a) Section 2 (a) of the Act of October 30, 1951 (65 Stat. 672; 39 U. S. C. 289a), is amended by inserting immediately before the colon which precedes the first proviso the following: "; and (4) such postage is further adjusted to the amounts set forth in the following table, on the dates specified:

	Effective October 1, 1957 (cents per pound, or fraction thereof)	Effective July 1, 1958 (cents per pound, or fraction thereof)	Effective July 1, 1959 (cents per pound, or fraction thereof)	Effective July 1, 1960 (cents per pound, or fraction thereof)
A publication having not more than 5 per centum of its space devoted to advertisements, and that portion of other publications devoted to matter other than advertisements.....	2.2	2.5	2.8	3.1
Advertising portion of a publication having more than 5 per centum of its space devoted to advertisements:				
First and second zones.....	2.2	2.5	2.8	3.1
Third zone.....	3.0	3.4	3.8	4.2
Fourth zone.....	4.5	5.1	5.7	6.2
Fifth zone.....	6.0	6.8	7.5	8.3
Sixth zone.....	7.5	8.4	9.4	10.4
Seventh zone.....	9.0	10.1	11.3	12.5
Eighth zone.....	10.5	11.8	13.2	14.6"

1 The adjustment in postage contained in the amendment made
2 by this subsection shall not apply to any issue of a newspaper
3 with respect to which issue the entire press run consists of
4 five thousand copies or less and the rate or rates of postage,
5 as in effect immediately prior to the date of enactment of
6 this Act, for the mailing of any issue of any newspaper to
7 which this sentence applies shall remain in effect until other-
8 wise provided by Congress.

9 ~~(b)~~ Section 2 ~~(c)~~ of such Act of October 30, 1951,
10 is amended by striking out "one-eighth of 1 cent" and in-
11 serting in lieu thereof "one-fourth of 1 cent, except that
12 ~~(1)~~ the postage on each individually addressed copy mailed
13 by the organizations listed, and for the purposes prescribed
14 in the second and third provisos of subsection ~~(a)~~ of this
15 section, and each individually addressed copy of a publication
16 of the second class addressed for delivery within the county
17 and not entitled to the free-in-county mailing privilege, shall
18 not be less than one-eighth of 1 cent, and ~~(2)~~ the per copy
19 rates prescribed for publications covered by section 25 of
20 the Act of March 3, 1879, as amended ~~(39 U. S. C. 286)~~,
21 are continued".

22 ~~(c)~~ Section 2 ~~(d)~~ of such Act of October 30, 1951, is
23 amended by striking out "1 cent" and inserting in lieu thereof
24 " $1\frac{1}{2}$ cents".

25 ~~(d)~~ Section 2 of such Act of October 30, 1951, is

1 amended by adding at the end of such section the following
2 new subsection:

3 “(e) If, at any time during any Post Office Depart-
4 ment fiscal year, beginning with the fiscal year ending June
5 30, 1958, the costs incurred by the Post Office Department
6 (as ascertained under the cost ascertainment system of such
7 Department) in connection with the mailings of any user
8 at rates provided in subsections (a) and (d) of this section
9 exceed by \$100,000 the revenues received by such Depart-
10 ment (as ascertained under such cost ascertainment system)
11 in connection with such mailings of such user, the Postmaster
12 General shall fix and determine, for the remainder of such
13 fiscal year, the rates for such mailings of such user on a
14 basis which will effect, as nearly as may be practicable, the
15 equalization, during the remainder of such year, of the
16 revenues received, and the costs incurred, by the Post Office
17 Department in connection with such mailings of such user.
18 From and after the beginning of the Post Office Department
19 fiscal year immediately following the fiscal year in which
20 rates for such mailings of such user are made effective by
21 action of the Postmaster General under this subsection, the
22 rates of such mailings of such user shall be as provided in
23 subsections (a) and (d) of this section, subject to the
24 application of this subsection. This subsection shall not
25 apply to any organization, association, newspaper, periodical,

1 or publication within the purview of the second or third
 2 proviso of subsection (a) of this section and publications
 3 mailed by others than publishers or authorized news agents."

4 ~~CONTROLLED CIRCULATION PUBLICATIONS~~

5 ~~SEC. 105.~~ Section 203 of the Postal Rate Revision and
 6 Federal Employees Salary Act of 1948 (62 Stat. 1262;
 7 39 U. S. C. 291b), is amended—

8 (1) by striking out "10 cents a pound or fraction
 9 thereof" and inserting in lieu thereof "12 cents a pound
 10 or fraction thereof regardless of the weight of the indi-
 11 vidual copies"; and

12 (2) by adding at the end thereof a new sentence
 13 reading "The rates provided in this section shall remain
 14 in effect until otherwise provided by Congress."

15 ~~THIRD-CLASS MAIL~~

16 ~~SEC. 106.~~ Section 3 of the Act of October 30, 1951
 17 (65 Stat. 673; 39 U. S. C. 290a-1), is amended—

18 (1) in that part of such section which precedes the
 19 first proviso—

20 (A) by striking out "2 cents" wherever ap-
 21 pearing therein and inserting in lieu thereof "3
 22 cents";

23 (B) by striking out "1 cent" and inserting in
 24 lieu thereof "1½ cents"; and

(C) by striking out "1½ cents for each additional two ounces or fraction thereof" and inserting in lieu thereof "1 cent for each additional ounce or fraction thereof";

(2) in the first proviso contained in such section, by striking out "\$10" and inserting in lieu thereof "\$20";

(3) in the second proviso contained in such section—

(A) by striking out "14 cents" and inserting in lieu thereof "16 cents";

(B) by striking out "1 cent" wherever appearing therein and inserting in lieu thereof "2½ cents"; and

(C) by striking out "10 cents" and inserting in lieu thereof "12 cents";

(4) by striking out the third proviso contained in such section; and

(5) in the fourth proviso contained in such section, by striking out "3 cents" and inserting in lieu thereof "5 cents".

FOURTH-CLASS MAIL

SEC. 107. Section 204 (d) and (e) of the Postal Rate Revision and Federal Employees Salary Act of 1948 (62

1 Stat. 1262), as amended (39 U. S. C. 202a (d) and (e)),
2 are amended to read as follows:

3 “(d) The following materials when in parcels not ex-
4 ceeding seventy pounds in weight may be sent at the postage
5 rate of 10 cents for the first pound or fraction thereof and 5
6 cents for each additional pound or fraction thereof, and this
7 rate shall continue until otherwise provided by the Congress:
8 (1) books permanently bound for preservation consisting
9 wholly of reading matter or scholarly bibliography or reading
10 matter with incidental blank spaces for students' notations
11 and containing no advertising matter other than incidental
12 announcements of books; (2) sixteen millimeter films and
13 sixteen-millimeter film catalogs except when sent to com-
14 mercial theaters; (3) printed music whether in bound form
15 or in sheet form; (4) printed objective test materials and
16 accessories thereto used by or in behalf of educational institu-
17 tions in the testing of ability, aptitude, achievement, interests,
18 and other mental and personal qualities with or without
19 answers, test scores, or identifying information recorded
20 thereon in writing or by mark; and (5) manuscripts for
21 books, periodical articles, and music.

22 “(e) (1) The following materials when in parcels not
23 exceeding seventy pounds in weight when loaned or ex-
24 changed between (A) schools, colleges, or universities and
25 (B) public libraries, religious, educational, scientific, philan-

1 thropic, agricultural, labor, veterans, or fraternal organiza-
 2 tions or associations not organized for profit and none of the
 3 net income of which inures to the benefit of any private stock-
 4 holder or individual, or between such organizations and their
 5 members or readers or borrowers, shall be charged with post-
 6 age at the rate of 4 cents for the first pound or fraction
 7 thereof and 1 cent for each additional pound or fraction
 8 thereof, except that the rates now or hereafter prescribed for
 9 third- or fourth-class matter shall apply in every case where
 10 such rate is lower than the rate prescribed in this subsection;
 11 and this rate shall continue until otherwise provided by the
 12 Congress: (i) books consisting wholly of reading matter or
 13 scholarly bibliography or reading matter with incidental
 14 blank spaces for students' notations and containing no adver-
 15 tising matter other than incidental announcements of books;
 16 (ii) printed music, whether in bound form or in sheet form;
 17 (iii) bound volumes of academic theses in typewritten or
 18 other duplicated form and bound volumes of periodicals; and
 19 (iv) other library materials in printed, duplicated, or photo-
 20 graphic form or in the form of unpublished manuscripts.

21 “(2) The rate provided in paragraph (1) for books
 22 may apply to sixteen-millimeter films, filmstrips, transparen-
 23 cies for projection and slides, microfilms, sound recordings,
 24 and catalogs of such materials when sent in parcels not ex-

1 exceeding seventy pounds in weight to or from (A) schools,
 2 colleges, or universities and (B) public libraries, religious,
 3 educational, scientific, philanthropic, agricultural, labor, vet-
 4 erans, or fraternal organizations or associations, not organized
 5 for profit and none of the net income of which inures to the
 6 benefit of any private stockholder or individual.

7 “(3) Public libraries, organizations, or associations,
 8 before being entitled to the rates specified in paragraphs
 9 (1) and (2) of this subsection, shall furnish to the Post-
 10 master General, under such regulations as he may prescribe,
 11 satisfactory evidence that none of their net income inures to
 12 the benefit of any private stockholder or individual.”

13 **DETERMINATION OF CLASS OF POST OFFICE AND COMPEN-**
 14 **SATION OF POSTMASTER AND CERTAIN EMPLOYEES**

15 **SEC. 108.** Eighty-two per centum of the gross postal
 16 receipts of all classes of post offices accruing on or after
 17 the effective date of the rate of postage prescribed by section
 18 102 (a) of this Act shall be counted for the purpose of
 19 determining the classes of the respective post offices and the
 20 compensation and allowances of postmasters and other em-
 21 ployees whose compensation or allowances are based on the
 22 annual gross receipts of such post offices. Nothing contained
 23 in this section shall operate to relegate a post office to a class
 24 or receipts category below the class or receipts category to
 25 which such post office may be assigned on the basis of gross

1 postal receipts accruing during the last complete calendar
2 year prior to the effective date of the rate of postage pre-
3 scribed by section 102 (a), of this Act or, in the case of a
4 newly established post office, on the basis of gross postal re-
5 cepts accruing during the last full quarter prior to the
6 effective date of the rate of postage prescribed by such section
7 102 (a).

8 REPEALS

9 SEC. 109. The last sentence of section 4 (a) of the Civil
10 Service Retirement Act as contained in the Civil Service Re-
11 tirement Act Amendments of 1956 (70 Stat. 747) is
12 hereby repealed, and hereafter the amounts contributed by
13 the Post Office Department to the civil service retirement
14 and disability fund in compliance with such section 4 (a) of
15 the Civil Service Retirement Act shall be considered as costs
16 of providing postal service for the purpose of establishing
17 postal rates.

18 CONDITIONS PRECEDENT TO WITHDRAWAL FROM GENERAL

19 FUND OF TREASURY

20 SEC. 110. That part of the paragraph under the heading
21 "General Provisions" under the appropriations for the Post
22 Office Department contained in chapter IV of the Supple-
23 mental Appropriation Act, 1951 (64 Stat. 1050; 31 U. S.
24 C. 695), which precedes the proviso is amended by striking
25 out "the receipt of revenue from fourth-class mail service

1 sufficient to pay the cost of such service" and inserting in
 2 lieu thereof "~~(1)~~ that the revenues from fourth-class mail
 3 service will not exceed by more than 1 per centum the
 4 costs thereof and ~~(2)~~ that the costs of such fourth-class
 5 mail service will not exceed by more than 1 per centum
 6 the revenues therefrom".

7 EFFECTIVE DATES

8 SEC. 111. ~~(a)~~ The rates of postage prescribed by this
 9 title, except those prescribed in section 104 ~~(a)~~, shall be-
 10 come effective on October 1, 1957.

11 ~~(b)~~ The rates of postage prescribed by section 104 ~~(a)~~
 12 of this title shall become effective as provided in such section
 13 104 ~~(a)~~.

14 ~~(c)~~ The fee prescribed by section 106 ~~(2)~~ of this title
 15 shall become effective on January 1, 1958.

16 ~~(d)~~ Section 109 of this title shall become effective as of
 17 the effective date of the Civil Service Retirement Act
 18 Amendments of 1956.

19 TITLE II—POSTAL RATE POLICY

20 SHORT TITLE

21 SEC. 201. This title may be cited as the "Postal Rate
 22 Policy Act".

23 FINDINGS

24 SEC. 202. The Congress hereby finds that—

25 ~~(1)~~ the postal establishment was created to unite

1 more closely the American people, to promote the gen-
2 eral welfare, and to advance the national economy;

3 (2) the postal establishment has been extended
4 and enlarged through the years into a nationwide net-
5 work of services and facilities for the communication
6 of intelligence, the dissemination of information, the
7 advancement of education and culture, and the distribu-
8 tion of articles of commerce and industry;

9 (3) the development and expansion of these
10 several elements of postal service, under authorization
11 by the Congress, have been the impelling force in the
12 origin and growth of many and varied business, com-
13 mercial, and industrial enterprises which contribute
14 materially to the national economy and the public wel-
15 fare and which depend upon the continuance of these
16 elements of postal service;

17 (4) historically and as a matter of public policy
18 there have evolved, in the operations of the postal
19 establishment authorized by the Congress, certain
20 recognized and accepted relationships among the several
21 classes of mail. It is clear also, from the continued
22 expansion of the postal service and the authorization of
23 certain services rendered or facilities provided at a
24 calculated loss to the Government, that the postal estab-
25 lishment performs some functions in which the public

1 interest outweighs the profit and loss factors which
2 would prevail if the postal establishment were operated
3 solely as a business enterprise;

4 ~~(5)~~ the postal establishment should be operated
5 in a businesslike manner but clearly is not a commercial
6 enterprise conducted for profit and it would be an unfair
7 burden upon users of the mails to compel them to under-
8 write those expenses incurred by the postal establish-
9 ment which are not related to the postal services they
10 receive;

11 ~~(6)~~ Notwithstanding the need for all users of the
12 mails to be informed with reasonable certainty of the
13 postal rates and fees which will be imposed upon them,
14 the Congress heretofore has not laid down a firm policy
15 ~~(except for fourth-class mail and certain special services~~
16 ~~authorized by law)~~ with respect to the identification
17 and evaluation of those services rendered by the postal
18 establishment in whole or in part for the benefit of
19 the general public and those services which inure in
20 whole or in part to the benefit of certain users of the
21 mails; and

22 ~~(7)~~ the public interest and the increasing com-
23 plexity of the social and economic fabric of the Nation
24 require an immediate, clear, and affirmative declaration
25 of congressional policy for the creation and maintenance

of a sound and equitable postal-rate structure which will assure efficient service, produce adequate postal revenues, and stand the test of time.

DECLARATION OF POLICY

SEC. 203. (a) The Congress hereby emphasizes, reaffirms, and restates its function under the Constitution of the United States of forming postal policy.

(b) It is hereby declared to be the policy of the Congress, as set forth in this title—

(1) to provide a more stable basis for the postal-rate structure through the establishment of general principles, standards, and related requirements with respect to the determination and allocation of postal revenues and expenses; and

(2) in accordance with these general principles, standards, and related requirements, to provide a means by which the postal-rate structure may be fixed and adjusted by action of the Congress, from time to time, as the public interest may require, in the light of periodic reviews of the postal-rate structure, periodic studies and surveys of expenses and revenues, and periodic reports and recommendations, required to be made by the Postmaster General as provided by section 206 of this title, on the basis of the cost ascertainment system.

1 ~~(e)~~ The general principles, standards, and related re-
2 quirements referred to in subsection ~~(b)~~ of this section are
3 as follows:

4 ~~(1)~~ In the determination and adjustment of the
5 postal rate structure, due consideration should be given
6 to—

7 ~~(A)~~ the preservation of the inherent advan-
8 tages of the postal service in the promotion of social,
9 cultural, intellectual, and commercial intercourse
10 among the people of the United States,

11 ~~(B)~~ the development and maintenance of a
12 postal service adapted to the present needs, and
13 adaptable to the future needs, of the people of the
14 United States,

15 ~~(C)~~ the promotion of adequate, economical,
16 and efficient postal service at reasonable and equi-
17 table rates and fees,

18 ~~(D)~~ the effect of postal services and the im-
19 pact of postal rates and fees on users of the mails,

20 ~~(E)~~ the requirements of the postal establish-
21 ment with respect to the manner and form of prepa-
22 ration and presentation of mailings by the users of
23 the various classes of mail service,

24 ~~(F)~~ the value of mail,

25 ~~(G)~~ the value of time of delivery of mail, and

1 ~~(H)~~ the quality and character of the service
2 rendered in terms of priority, secrecy, security,
3 speed of transmission, use of facilities and man-
4 power, and other pertinent service factors.

5 ~~(2)~~ The acceptance, transportation, and delivery of
6 first-class mail constitutes a preferred service of the
7 postal establishment and, therefore, the postage for first-
8 class mail should be sufficient to cover ~~(A)~~ the entire
9 amount of the expenses allocated to first-class mail in
10 the manner provided by this title and ~~(B)~~ an additional
11 amount representing the fair value of all extraordinary
12 and preferential services, facilities, and factors relating
13 thereto.

14 ~~(3)~~ Those services, elements of service, and facili-
15 ties rendered and provided by the postal establishment
16 in accordance with law, including services having public
17 service aspects, which, in whole or in part, are held
18 and considered by the Congress from time to time to be
19 public services for the purposes of this title shall be
20 administered on the following basis:

21 ~~(A)~~ the sum of such public service items
22 should be assumed directly by the Federal Govern-
23 ment and paid directly out of the general fund of
24 the Treasury and should not constitute direct charges

1 in the form of rates and fees upon any user or
 2 class of users of such public services, or of the mails
 3 generally, and

4 ~~(B)~~ nothing contained in any provision of this
 5 title should be construed as indicating any intention
 6 on the part of the Congress ~~(i)~~ that such public
 7 services, or any of them, should be limited or re-
 8 stricted or ~~(ii)~~ to derogate in any way from the
 9 need and desirability thereof in the public interest.

10 ~~(4)~~ For the purpose of the determination and ad-
 11 justment of the postal-rate structure in the manner pro-
 12 vided by this title and by section 207 of the Act of
 13 February 28, 1925, as amended ~~(39 U. S. C., sec.~~
 14 247), and section 12 of the Act of October 30, 1951
 15 ~~(39 U. S. C., sec. 246f)~~, the postal rates shall be ad-
 16 justed from time to time so that the total amount of the
 17 adjusted revenues shall be more nearly equal to the
 18 total amount of the expenses, both as determined in
 19 the manner provided by this title.

20 AUTHORIZATION OF APPROPRIATED FUNDS

21 SEC. 204. There is hereby authorized to be appropriated
 22 to the revenues of the Post Office Department for each fiscal
 23 year from any money in the Treasury not otherwise appro-
 24 priated an amount equal to the sum of the public service
 25 items referred to in section 203 ~~(c)~~ ~~(3)~~. Such appropria-

1 tions shall be available to enable the Postmaster General to
2 pay in to postal revenues at quarterly or other intervals such
3 amounts as he shall determine to be necessary to reimburse
4 the Post Office Department for such expenses and losses of
5 revenue.

6 APPLICATION OF COST ASCERTAINMENT SYSTEM

7 SEC. 205. (a) For the purposes of this title, revenues
8 and expenses shall be determined and ascertained, and each
9 allocation and apportionment with respect thereto shall be
10 made, upon the basis of the cost ascertainment system, to the
11 extent not otherwise indicated in this title.

12 (b) Nothing in this title shall be construed to affect
13 the cost ascertainment system or any authority, power, duty,
14 or procedure of the Postmaster General or of the postal
15 establishment generally, except to the extent necessary to
16 carry out this title.

17 REVIEWS, STUDIES, SURVEYS, REPORTS, AND RECOM-

18 MENDATIONS OF POSTMASTER GENERAL

19 SEC. 206. (a) The Postmaster General is authorized
20 and directed to initiate and conduct, through the facilities
21 of the postal establishment, either on a continuing basis or
22 from time to time, as he deems advisable, but not less often
23 than every two years, a review of the postal-rate structure
24 and a study and survey of the expenses incurred and the
25 revenues received in connection with the several classes of

1 mail, and the various classes and kinds of services and facili-
2 ties provided by the postal establishment, in order to de-
3 termine, on the basis of such review, study, and survey for
4 each class and kind of service or facility provided by the
5 postal establishment, the need for adjustment of postal rates
6 and fees in the manner provided by this title.

7 (b) The Postmaster General shall submit to the Senate
8 and the House of Representatives not later than April 15
9 of each alternate fiscal year, beginning with the fiscal year
10 ending June 30, 1959, a report of the results of the review,
11 study, and survey conducted pursuant to subsection (a) of
12 this section. Such report shall include —

13 (1) information with respect to expenses and reve-
14 nues which is pertinent to the allocation of expenses and
15 the determination and adjustment of postal rates and
16 fees in the manner provided by this title,

17 (2) such other information as is necessary to en-
18 able the Congress, or as may be required by the Con-
19 gress or an appropriate committee thereof, to carry out
20 the purposes of this title, and

21 (3) such recommendations as the Postmaster Gen-
22 eral deems appropriate.

1 CONGRESSIONAL ACTION PREREQUISITE TO ADJUSTMENTS
 2 IN POSTAGE RATES AND FEES

3 SEC. 207. Except as otherwise provided by law, nothing
 4 in this title shall be construed to authorize any change, ad-
 5 justment, or revision with respect to any postal rate or fee,
 6 except by further action of the Congress.

7 DEFINITIONS

8 SEC. 208. (a) For the purposes of this title, the term—

9 (1) “cost ascertainment system” means the cost
 10 ascertainment system (including the principles and
 11 standards thereof) utilized by the Post Office Depart-
 12 ment (39 U. S. C., sec. 826) for the ascertainment
 13 and allocation of expenses and revenues of the postal
 14 service, as in effect from time to time, to the extent con-
 15 sistent with this title;

16 (2) “revenues” and “costs”, whether applied to the
 17 total postal operation or to the mail classes or services,
 18 shall have the same meaning as when used in the Cost
 19 Ascertainment Report, and the terms “costs” and “ex-
 20 penses” shall be synonymous; and

21 (3) “adjusted revenues”, whether applied to the
 22 total postal operations or to the mail classes and services,

1 shall mean the revenues, increased by the sums author-
 2 ized under section 204 to be appropriated to the Post
 3 Office Department for the public service items referred
 4 to in section 203 (c) (3).

5 (b) Whenever reference is made in this title, or in any
 6 other law or regulation in connection with this title, to any
 7 of the several classes of mail and services, such reference
 8 shall have the same meaning as when used in the Cost Ascer-
 9 tainment Report, except that first-class mail shall include
 10 domestic air mail other than air parcel post.

11 TITLE I—POSTAL POLICY

12 SHORT TITLE

13 SEC. 101. This title may be cited as the "Postal Policy
 14 Act of 1958".

15 FINDINGS

16 SEC. 102. The Congress hereby finds that—

17 (1) the postal establishment was created to unite
 18 more closely the American people, to promote the gen-
 19 eral welfare, and to advance the national economy;

20 (2) the postal establishment has been extended and
 21 enlarged through the years into a nationwide network
 22 of services and facilities for the communication of intelli-
 23 gence, the dissemination of information, the advancement
 24 of education and culture, and the distribution of articles
 25 of commerce and industry. Furthermore, the Congress

1 *has encouraged the use of these broadening services and*
2 *facilities through reasonable and, in many cases, special*
3 *postal rates;*

4 *(3) the development and expansion of these several*
5 *elements of postal service, under authorization by the*
6 *Congress, have been the impelling force in the origin*
7 *and growth of many and varied business, commercial,*
8 *and industrial enterprises which contribute materially*
9 *to the national economy and the public welfare and*
10 *which depend upon the continuance of these elements of*
11 *postal service;*

12 *(4) historically and as a matter of public policy*
13 *there have evolved, in the operations of the postal*
14 *establishment authorized by Congress, certain recognized*
15 *and accepted relationships among the several classes of*
16 *mail. It is clear, from the continued expansion of the*
17 *postal service and from the continued encouragement by*
18 *the Congress of the most widespread use thereof, that*
19 *the postal establishment performs many functions and*
20 *offers its facilities to many users on a basis which can*
21 *only be justified as being in the interest of the national*
22 *welfare;*

23 *(5) while the postal establishment, as all other*
24 *Government agencies, should be operated in an efficient*
25 *manner, it clearly is not a business enterprise conducted*

1 for profit or for raising general funds, and it would be
2 an unfair burden upon any particular user or class of
3 users of the mails to compel them to bear the expenses
4 incurred by reason of special rate considerations granted
5 or facilities provided to other users of the mails, or to
6 underwrite those expenses incurred by the postal estab-
7 lishment for services of a nonpostal nature; and

8 (6) the public interest and the increasing complex-
9 ity of the social and economic fabric of the Nation re-
10 quire an immediate, clear, and affirmative declaration of
11 congressional policy with respect to the public service
12 activities of the postal establishment as the basis for the
13 creation and maintenance of a sound and equitable
14 postal-rate structure which will assure efficient service,
15 produce adequate postal revenues, and stand the test of
16 time.

17 DECLARATION OF POLICY

18 SEC. 103. (a) In order to provide a more stable basis
19 for the postal-rate structure through the establishment of
20 general principles, standards, and related requirements with
21 respect to the determination and allocation of postal revenues
22 and expenses, and in accordance with these general princi-
23 ples, standards, and related requirements, to provide a means
24 by which the postal-rate structure may be fixed and ad-

1 *justed by action of the Congress, from time to time, as the*
2 *public interest may require, in the light of periodic reviews*
3 *of the postal-rate structure, periodic studies and surveys of*
4 *expenses and revenues, and periodic reports and recom-*
5 *mendations, required to be made by the Postmaster General*
6 *as provided by section 105 of this title, the Congress hereby*
7 *emphasizes, reaffirms, and restates its function under the*
8 *Constitution of the United States of forming postal policy.*

9 *(b) It is hereby declared to be the policy of the*
10 *Congress that the post office is a public service.*

11 *(c) The general principles, standards, and related re-*
12 *quirements referred to in subsection (a) of this section are*
13 *as follows:*

14 *(1) In the determination and adjustment of the*
15 *postal-rate structure, due consideration should be given*
16 *to—*

17 *(A) the preservation of the inherent advantages*
18 *of the postal service in the promotion of social,*
19 *cultural, intellectual, and commercial intercourse*
20 *among the people of the United States;*

21 *(B) the development and maintenance of a*
22 *postal service adapted to the present needs, and*
23 *adaptable to the future needs, of the people of the*
24 *United States;*

1 (C) the promotion of adequate, economical,
2 and efficient postal service at reasonable and equi-
3 table rates and fees;

4 (D) the effect of postal services and the impact
5 of postal rates and fees on users of the mails;

6 (E) the requirements of the postal establish-
7 ment with respect to the manner and form of prep-
8 aration and presentation of mailings by the users of
9 the various classes of mail service;

10 (F) the value of mail;

11 (G) the value of time of delivery of mail; and

12 (H) the quality and character of the service
13 rendered in terms of priority, secrecy, security,
14 speed of transmission, use of facilities and man-
15 power, and other pertinent service factors.

16 (2) The collection, transportation, and delivery of
17 first-class mail is the primary function of the postal
18 establishment. The cost of first-class mail shall be (A)
19 the entire amount of the expenses allocated to first-
20 class mail in the manner provided by this title plus (B)
21 an amount determined to be the fair value of all extraor-
22 dinary and preferential services, specially designed
23 facilities, and other factors relating thereto.

24 (3) Those services, elements of service, and facili-

ties rendered and provided by the postal establishment in accordance with law, including services having public service aspects, which, in whole or in part, are held and considered by the Congress from time to time to be public services for the purposes of this title shall be administered on the following basis:

(A) the sum of such public service items as determined by Congress should be assumed directly by the Federal Government and paid directly out of the general fund of the Treasury and should not constitute direct charges in the form of rates and fees upon any user or class of users of such public services, or of the mails generally; and

(B) nothing contained in any provision of this title should be construed as indicating any intention on the part of the Congress (i) that such public services, or any of them, should be limited or restricted or (ii) to derogate in any way from the need and desirability thereof in the public interest.

(4) For the purpose of the determination and adjustment of the postal-rate structure, postal rates and fees shall be adjusted from time to time so that the total amount of all postal revenues shall be approximately

1 equal to the total amount of the nonpublic service ex-
2 penses incurred by the postal establishment.

3 IDENTIFICATION OF AND APPROPRIATIONS FOR PUBLIC
4 SERVICES

5 *SEC. 104. (a) The following shall be considered to be*
6 *public services for the purposes of this title—*

7 (1) the total loss resulting from the transmission of
8 matter in the mails free of postage or at reduced rates
9 of postage as provided by statute, including the follow-
10 ing:

(A) subsection (a) (3) of section 5 of the Act of June 23, 1874, as amended (U. S. C., title 39, sec. 283 (a) (3)), relating to reduced rate of postage on newspapers or periodicals of certain nonprofit organizations;

16 (B) sections 5 and 6 of the Act of March 3,
17 1877, as amended (U. S. C., title 39, sec. 321),
18 relative to certain matter sent free through the
19 mails;

(C) section 25 of the Act of March 3, 1879,
as amended (U. S. C., title 39, sec. 286), and sub-
section (b) of section 2 of the Act of October 30,
1951 (U. S. C., title 39, sec. 289a (b)), relating to
free-in-county mailing privileges;

25 (D) the Act of April 27, 1904, as amended

(U. S. C., title 39, sec. 331), relating to free postage and reduced postage rates on reading matter and other articles for the blind;

(E) the Act of February 14, 1929 (U. S. C., title 39, sec. 336), granting free mailing privileges to the diplomatic corps of the countries of the Pan American Postal Union;

(F) the Act of April 15, 1937 (U. S. C., title 39, sec. 293c), granting reduced rates to publications for use of the blind;

(G) the Act of June 29, 1940 (U. S. C., title 39, sec. 321-1), granting free mailing privileges to the Pan American Sanitary Bureau;

(H) the Act of May 7, 1945 (59 Stat. 707), and other provisions of law, granting free mailing privileges to individuals;

(I) the second and third provisos of subsection (a) of section 2 of the Act of October 30, 1951 (U. S. C., title 39, sec. 289a, subsec. (a)), granting reduced second-class postage rates to certain organizations;

(J) the fifth proviso of section 3 of the Act of October 30, 1951 (U. S. C., title 39, sec. 290a-1), granting reduced third-class postage rates to certain organizations;

1 (K) section 302 of the Federal Voting Assist-
2 ance Act of 1955 (U. S. C., title 5, sec. 2192),
3 granting free postage, including free airmail post-
4 age, to post cards, ballots, voting instructions, and
5 envelopes transmitted in the mails under authority
6 of the Federal Voting Assistance Act of 1955; and

7 (L) section 204 (d) and (e) of the Act
8 of July 3, 1948, as amended (U. S. C., title 39, sec.
9 292a (d)-(e)), and as further amended by section
10 205 of this Act, granting reduced fourth-class post-
11 age rates for books, films, recordings, and related
12 materials for educational use;

13 (2) the loss resulting from the operation of such
14 public welfare postal services as the star route system,
15 rural free delivery, third and fourth class post offices;

16 (3) the loss incurred in performing nonpostal serv-
17 ices, such as the sale of documentary stamps for the
18 Department of the Treasury;

19 (4) the loss incurred in performing special services
20 such as cash on delivery, insured mail, special delivery,
21 and money orders;

22 (5) the cost of the free handling of registered mail
23 for the post office and other Federal agencies;

24 (6) the cost of transportation subsidies borne by

1 *the postal establishment in compliance with or resulting*
2 *from the nonenforcement of Federal statutes;*

3 *(7) the additional cost of transporting United*
4 *States mail by foreign air carriers at a Universal Postal*
5 *Union rate in excess of the rate prescribed for United*
6 *States carriers; and*

7 *(8) other services provided in the interests of the*
8 *public welfare, the costs of which exceed revenues*
9 *therefrom.*

10 *(b) There is hereby authorized to be appropriated to*
11 *the revenues of the Post Office Department for each fiscal*
12 *year from any money in the Treasury not otherwise appro-*
13 *priated an amount, which shall be deemed to be attributable*
14 *to the public services enumerated under subsection (a) of*
15 *this section, equal to the total estimated expenditures of the*
16 *Post Office Department for the year for such public services*
17 *as determined by the Congress in the Appropriation Act*
18 *based upon budget estimates submitted to the Congress.*
19 *Such appropriations shall be available to enable the Post-*
20 *master General to pay in to postal revenues at quarterly or*
21 *other intervals such sums as may be necessary to reimburse*
22 *the Post Office Department for such amount attributable to*
23 *public services.*

1 *REVIEWS, STUDIES, SURVEYS, REPORTS, AND RECOMMEN-*
2 *DATIONS OF POSTMASTER GENERAL*

3 *SEC. 105. (a) The Postmaster General is authorized*
4 *and directed to initiate and conduct, through the facilities of*
5 *the postal establishment, either on a continuing basis or*
6 *from time to time, as he deems advisable, but not less often*
7 *than every two years, a review of the postal-rate structure*
8 *and a study and survey of the expenses incurred and the*
9 *revenues received in connection with the several classes*
10 *of mail, and the various classes and kinds of services and*
11 *facilities provided by the postal establishment, in order to*
12 *determine, on the basis of such review, study, and survey for*
13 *each class and kind of service or facility provided by the*
14 *postal establishment, the need for adjustment of postal rates*
15 *and fees in accordance with the policy set forth in this title.*

16 *(b) The Postmaster General shall submit to the Senate*
17 *and the House of Representatives not later than April 15*
18 *of each alternate fiscal year, beginning with the fiscal year*
19 *ending June 30, 1960, a report of the results of the review,*
20 *study, and survey conducted pursuant to subsection (a) of*
21 *this section. Such report shall include—*

22 *(1) information with respect to expenses and reve-*
23 *nues which is pertinent to the allocation of expenses and*
24 *the determination and adjustment of postal rates and*
25 *fees in accordance with the policy set forth in this title;*

(2) such other information as is necessary to enable the Congress, or as may be required by the Congress or an appropriate committee thereof, to carry out the purposes of this title.

TITLE II—POSTAL RATE INCREASES

SHORT TITLE

SEC. 201. This title may be cited as the "Postal Rate Increase Act, 1958".

FIRST-CLASS MAIL

SEC. 202. (a) The first section of the joint resolution of June 30, 1947 (61 Stat. 213; 39 U. S. C. 280), is amended (1) by striking out "3 cents for each ounce or fraction thereof" in that part which precedes the proviso, and by inserting in lieu thereof "5 cents for each ounce or fraction thereof when mailed for nonlocal delivery prior to July 1, 1961, and 4 cents for each ounce or fraction thereof when mailed for nonlocal delivery on or after July 1, 1961, or when mailed for local delivery," and (2) by adding at the end thereof the following new paragraph:

"For the purposes of this section 'mailed for local delivery' shall include mail which originates within the delivery limits of a post office for delivery to an addressee located within the delivery limits of such post office. In large cities with adjacent areas of dense population having two or more post offices, the Postmaster General may, in his discretion

1 *and under such regulations as he may prescribe, regard any*
2 *first-class matter mailed at one of such offices and addressed*
3 *for delivery at another of such offices as matter 'mailed for*
4 *local delivery'."*

5 *(b) Section 1 of the Act of October 30, 1951 (65 Stat.*
6 *672; 39 U. S. C. 280), as amended, is further amended—*

7 *(1) by striking out "2 cents" wherever appearing*
8 *in subsection (a) and inserting in lieu thereof "3 cents";*
9 *and*

10 *(2) by striking out "2 cents" in subsection (b) and*
11 *inserting in lieu thereof "3 cents".*

12 *(3) by adding at the end of such section a new*
13 *subsection as follows:*

14 *"(c) Notwithstanding the provisions of subsection (a),*
15 *the rate of postage on any single postal card or private*
16 *mailing or post card conforming to the conditions prescribed*
17 *by the Act of May 19, 1898, shall be 2 cents if the address*
18 *and any message on such card are wholly in original hand-*
19 *writing. For the purpose of this subsection, the term 'hand-*
20 *writing' shall not include typewritten matter, any matter*
21 *which is a reproduction or imitation of handwriting pre-*
22 *pared by mechanical, photographic, or other process, or any*
23 *matter, whether or not handwritten, which is attached to any*
24 *such card. The Postmaster General may, by appropriate*
25 *regulation, provide for the preparation and sale of postal*

1 cards of a distinctive color for transmission at the rate pre-
 2 scribed by this subsection."

3 DOMESTIC AIR MAIL

4 (c) Section 201 of the Postal Rate Revision and
 5 Federal Employees Salary Act of 1948 (62 Stat. 1261;
 6 39 U. S. C. 463a) is amended—

7 (1) by striking out "6 cents" in the first sentence
 8 and inserting in lieu thereof "8 cents"; and

9 (2) by striking out "4 cents" in the second sentence
 10 and inserting in lieu thereof "5 cents".

11 SECOND-CLASS MAIL

12 SEC. 203. (a) Section 2 (a) of the Act of October
 13 30, 1951 (65 Stat. 672; 39 U. S. C. 289a), is amended
 14 by striking out the word "and" preceding clause (3) and
 15 by inserting immediately before the colon which precedes
 16 the first proviso a comma and the following: "and (4) such
 17 postage is further adjusted to the amounts set forth in the
 18 following table, on the dates specified:

	July 1, 1958 (cents per pound or fraction thereof)	July 1, 1959 (cents per pound or fraction thereof)	July 1, 1960 (cents per pound or fraction thereof)
Nonadvertising portion-----	2. 1	2. 3	2. 5
Advertising portion:			
First and second zones-----	2. 2	2. 6	3. 0
Third zone-----	3. 0	3. 5	4. 0
Fourth zone-----	4. 5	5. 2	6. 0
Fifth zone-----	6. 0	7. 0	8. 0
Sixth zone-----	7. 7	8. 7	10. 0
Seventh zone-----	9. 2	11. 0	12. 0
Eighth zone-----	11. 0	12. 5	14. 0"

1 (b) Section 2 (a) of such Act of October 30, 1951,
2 is amended by striking out the last two provisos and insert-
3 ing in lieu thereof the following: "Provided further, That
4 on and after July 1, 1958, the rate of postage on newspapers
5 or periodicals maintained by and in the interests of religious,
6 educational, scientific, philanthropic, agricultural, labor,
7 veterans', or fraternal organizations or associations, not
8 organized for profit and none of the net income of which
9 inures to the benefit of any private stockholder or individual,
10 shall be the rate per pound or minimum rate required to be
11 paid on publications generally reduced by 50 per centum:
12 And provided further, That on and after July 1, 1958, the
13 rate of postage on any religious, educational, or scientific
14 publications designed specifically for use in school class-
15 rooms or in religious instruction classes shall be the rate
16 per pound or minimum rate required to be paid on publica-
17 tions generally, reduced by 35 per centum."

18 (c) Section 2 (c) of such Act of October 30, 1951, is
19 amended by striking out "one-eighth of 1 cent" and inserting
20 in lieu thereof "one-fourth of 1 cent effective July 1, 1958,
21 three-eighths of 1 cent effective July 1, 1959, and one-half of
22 1 cent effective July 1, 1960, except that the per copy rates
23 prescribed for publications covered by section 25 of the
24 Act of March 3, 1879, as amended (39 U. S. C. 286),
25 shall be continued".

1 (d) Section 2 (d) of such Act of October 30, 1951, is
 2 amended by striking out the words "two ounces" where they
 3 appear the second time and inserting in lieu thereof the word
 4 "ounce".

5 (e) The third clause of section 14 of the Act of March
 6 3, 1879, as amended (39 U. S. C. 226), is amended, effective
 7 on and after the date of enactment of this Act, to read as
 8 follows:

9 "Third. It must be formed of printed sheets: Provided,
 10 That publications produced by the stencil, mimeograph, or
 11 hectograph process or in imitation of typewriting shall not
 12 be regarded as printed within the meaning of this clause."

13 (f) Section 202 (a) of the Act of February 28, 1925,
 14 as amended (39 U. S. C. 283), is amended by adding the
 15 following new paragraph:

16 "(4) For the purpose of this section, the portion of a
 17 publication devoted to advertisements shall include all adver-
 18 tisements inserted in such publication and attached perma-
 19 nently thereto."

20 CONTROLLED CIRCULATION PUBLICATIONS

21 (g) Section 203 of the Postal Rate Revision and Federal
 22 Employees Salary Act of 1948 (62 Stat. 1262; 39 U. S. C.
 23 291b), is amended—

24 (1) by striking out "10 cents a pound or fraction
 25 thereof" and inserting in lieu thereof "12 cents a pound

1 or fraction thereof regardless of the weight of the indi-
2 vidual copies"; and

3 (2) by adding at the end thereof a new sentence
4 reading "The rates provided in this section shall remain
5 in effect until otherwise provided by Congress."

6 THIRD-CLASS MAIL

7 SEC. 204. Section 3 of the Act of October 30, 1951
8 (65 Stat. 673; 39 U. S. C. 290a-1), is amended—

9 (1) by striking out so much of such Act as precedes
10 the first proviso and inserting in lieu thereof the follow-
11 ing: "The rate of postage on third-class matter shall be
12 3 cents for the first two ounces or fraction thereof, and
13 1½ cent for each additional ounce or fraction thereof up
14 to but not including sixteen ounces in weight:";

15 (2) in the first proviso contained in such section, by
16 striking out "\$10" and inserting in lieu thereof "\$20";

17 (3) in the second proviso contained in such sec-
18 tion—

19 (A) by striking out "14 cents" and inserting in
20 lieu thereof "16 cents"; and

21 (B) by striking out "1 cent" wherever ap-
22 pearing therein and inserting in lieu thereof "2
23 cents when mailed prior to July 1, 1959, and
24 2½ cents when mailed on or after such date";

(4) by striking out the third proviso contained in such section;

(5) in the fourth proviso contained in such section, by striking out "3 cents" and inserting in lieu thereof "6 cents"; and

(6) by striking out the last proviso and inserting in lieu thereof the following: "And provided further, That on and after July 1, 1958, the rates of postage on third class matter mailed by religious, educational, scientific, philanthropic, agricultural, labor, veterans', or fraternal organizations or associations, not organized for profit and none of the net income of which inures to the benefit of any private stockholder or individual, shall be the rates prescribed by this section, except that the minimum charge per piece for third class matter mailed in bulk by such organizations or associations shall be 50 per centum of the minimum charge prescribed by this section for such mailings."

FOURTH-CLASS MAIL

SEC. 205. (a) Section 204 (a) of the Postal Rate Revision and Federal Employees Salary Act of 1948 (39 U. S. C. 292a (a)), as amended, is amended by striking out the words "over eight ounces" wherever they appear and inserting in lieu thereof "sixteen ounces or over".

1 (b) Sections 204 (d) and (e) of such Act (39 U. S. C.
2 292a (d) and (e)) are amended to read as follows:

3 “(d) The following materials when in parcels not ex-
4 ceeding seventy pounds in weight may be sent at the postage
5 rate of 8 cents for the first pound and 4 cents
6 for each additional pound or fraction thereof, and
7 this rate shall continue until otherwise provided by the Con-
8 gress: (1) books permanently bound for preservation con-
9 sisting wholly of reading matter or scholarly bibliography
10 or reading matter with incidental blank spaces for students’
11 notations and containing no advertising matter other than
12 incidental announcements of books; (2) sixteen-millimeter
13 films and sixteen-millimeter film catalogs except when sent
14 to commercial theaters; (3) printed music whether in bound
15 form or in sheet form; (4) printed objective test materials
16 and accessories thereto used by or in behalf of educational
17 institutions in the testing of ability, aptitude, achievement,
18 interests, and other mental and personal qualities with or
19 without answers, test scores, or identifying information re-
20 corded thereon in writing or by mark; (5) phonograph
21 recordings; and (6) manuscripts for books, periodical
22 articles, and music.

23 “(e) (1) The following materials when in parcels not
24 exceeding seventy pounds in weight when loaned or ex-
25 changed between (A) schools, colleges, or universities and

1 (B) public libraries, religious, educational, scientific, phil-
2 anthropic, agricultural, labor, veterans, or fraternal organi-
3 zations or associations not organized for profit and none of
4 the net income of which inures to the benefit of any private
5 stockholder or individual, or between such organizations and
6 their members or readers or borrowers, shall be charged
7 with postage at the rate of 4 cents for the first pound and
8 1 cent for each additional pound or fraction thereof, except
9 that the rates now or hereafter prescribed for third- or
10 fourth-class matter shall apply in every case where such
11 rate is lower than the rate prescribed in this subsection, and
12 this rate shall continue until otherwise provided by the
13 Congress: (i) books consisting wholly of reading matter
14 or scholarly bibliography or reading matter with incidental
15 blank spaces for students' notations and containing no
16 advertising matter other than incidental announcements of
17 books; (ii) printed music, whether in bound form or in
18 sheet form; (iii) bound volumes of academic theses in
19 typewritten or other duplicated form and bound volumes of
20 periodicals; (iv) phonograph recordings; and (v) other
21 library materials in printed, duplicated, or photographic
22 form or in the form of unpublished manuscripts.

23 “(2) The rate provided in paragraph (1) for books
24 may apply to sixteen-millimeter films, filmstrips, transpar-
25 encies for projection and slides, microfilms, sound record-

1 ings, and catalogs of such materials when sent in parcels
2 not exceeding seventy pounds in weight to or from (A)
3 schools, colleges, or universities and (B) public libraries,
4 religious, educational, scientific, philanthropic, agricultural,
5 labor, veterans, or fraternal organizations or associations,
6 not organized for profit and none of the net income of which
7 inures to the benefit of any private stockholder or individual.

8 “(3) Public libraries, organizations, or associations,
9 before being entitled to the rates specified in paragraphs
10 (1) and (2) of this subsection, shall furnish to the Post-
11 master General, under such regulations as he may prescribe,
12 satisfactory evidence that none of their net income inures
13 to the benefit of any private stockholder or individual.”

14 (c) (1) The first section of the Act entitled “An Act
15 to readjust the size and weight limitations on fourth-class
16 (parcel post) mail”, approved October 24, 1951 (65 Stat.
17 610; 39 U. S. C. 240a), is amended by striking out the
18 words “over eight ounces” each place they appear therein and
19 inserting in lieu thereof the words “sixteen ounces or over”.

20 (2) Section 207 (a) of the Act of February 28, 1925
21 (39 U. S. C. 240), as amended, is amended by striking
22 out the words “in excess of eight ounces” and inserting in
23 lieu thereof the words “sixteen ounces or over”.

MAIL TO AND FROM ARMY AND FLEET POST OFFICES

SEC. 206. (a) Any first-class letter mail matter admissible to the mails as ordinary mail matter which is sent by any person having an Army Post Office or Fleet Post Office address shall be transmitted in the mails free of postage, subject to such regulations as the Postmaster General may prescribe.

(b) Any airmail and any package subject to third- or fourth-class rates which is sent by any person having an Army Post Office or Fleet Post Office address shall be transmitted in the mails at the rates applicable thereto on the date of enactment of this Act, subject to such regulations as the Postmaster General may prescribe.

BOOKS FOR THE BLIND

SEC. 207. The Act entitled "An Act to further amend the Act for promoting the circulation of reading matter among the blind", approved October 14, 1941 (55 Stat. 737), is amended by inserting immediately after "for which no subscription fee is charged" a semicolon and the following: "books, or pages thereof, in raised characters, whether prepared by hand or printed, which contain no advertisements, when furnished by any person to a blind person without cost to such blind person".

1 *SUBSCRIPTION ORDER, BILL, AND RECEIPT FORMS*

2 *SEC. 208. The final clause in the first sentence of the*
3 *Act of January 20, 1888 (25 Stat. 1; 39 U. S. C. 249),*
4 *is amended by striking out the following: “, but the same*
5 *shall be in such form as to convey no other information*
6 *than the name, place of publication, subscription price of*
7 *the publication to which they refer and the subscription*
8 *due thereon”.*

9 *INVESTIGATION AND STUDY BY POSTMASTER GENERAL OF*
10 *DIMENSIONAL CATEGORIES FOR FIRST- AND THIRD-*
11 *CLASS MAIL ENVELOPES*

12 *SEC. 209. (a) The Postmaster General is authorized*
13 *and directed to conduct a thorough investigation and study*
14 *of the feasibility and desirability of—*

15 *(1) the establishment, by regulation of the Post-*
16 *master General, of such number of categories (but not*
17 *less than two categories) of specified length and width*
18 *dimensions for envelopes to be used for the transmission*
19 *of first-class and third-class mail, as the Postmaster Gen-*
20 *eral may determine to be necessary or desirable to*
21 *increase the efficient handling of the mail; and*

22 *(2) the establishment of an additional charge on*
23 *any such mail transmitted in an envelope which does*
24 *not conform in length and width to one of such dimen-*
25 *sional categories for envelopes.*

1 *(b) The Postmaster General shall submit to the Senate*
2 *and House of Representatives, on or before February 1,*
3 *1959, a report of the results of such investigation and study,*
4 *together with his recommendations with respect thereto,*
5 *including his recommendations for any necessary legislation.*

6 *DETERMINATION OF CLASS OF POST OFFICE AND COM-*
7 *PENSATION OF POSTMASTER AND CERTAIN EMPLOYEES*

8 *SEC. 210. No part of the gross postal receipts of any*
9 *post office, which are determined in accordance with estimates*
10 *of the Postmaster General to be attributable to the increases*
11 *in postage rates provided by this Act, shall be counted for*
12 *the purpose of determining the classes of the respective post*
13 *offices and the compensation and allowances of postmasters*
14 *and other employees whose compensation or allowances are*
15 *based on the annual gross receipts of such post offices.*
16 *Nothing contained in this section shall operate to relegate a*
17 *post office to a class or receipts category below the class or*
18 *receipts category to which such post office may be assigned*
19 *on the basis of gross postal receipts accruing during the*
20 *last complete calendar year prior to the date of enactment*
21 *of this Act or, in the case of a post office which was in*
22 *existence on such date of enactment but which was not in*
23 *existence during the whole of such calendar year, on the*
24 *basis of gross postal receipts accruing during the last quarter*
25 *prior to the date of enactment of this Act.*

SALARY STEP INCREASES

2 SEC. 211. (a) Subsection (a) of section 401 of the
3 Postal Field Compensation Act of 1955, as amended (39
4 U. S. C. 981 (a)), is amended by striking out the words
5 “salary level PFS-9 or a lower salary level of”.

6 (b) Subsection (b) of such section (39 U. S. C. 981
7 (b)) is repealed.

8 *SEC. 212. (a) The last paragraph of section 207 (b) of*
9 *the Act of February 28, 1925, as amended (45 Stat. 942;*
10 *39 U. S. C. 247), is amended by inserting before the word*
11 *“greater” the following: “more than 8 per centum”.*

(b) The paragraph under the heading "GENERAL PROVISIONS" under the appropriations for the Post Office Department contained in chapter IV of the Supplemental Appropriation Act, 1951 (64 Stat. 1050; 31 U. S. C. 695), is amended by striking out "the receipt of revenue from fourth-class mail service sufficient to pay the cost of such service" and inserting "that the cost of fourth-class mail service will not exceed by more than 8 per centum the revenues therefrom".

REPEALS

22 *SEC. 213. (a) The following laws are hereby repealed—*

(1) *The Act of June 9, 1930 (U. S. C., title 39, sec. 793), relating to certification of estimated amounts of postage that would have been collected on certain*

1 free or reduced-rate mailings, which the Postmaster
2 General is required to make to the Secretary of the
3 Treasury and to the Comptroller General of the United
4 States;

5 (2) Paragraph (4) of section 202 (a) of the Act
6 of February 28, 1925 (45 Stat. 941; 39 U. S. C. 283
7 (4));

8 (3) Section 202 (b) of the Act of February 28,
9 1925 (43 Stat. 1066; 39 U. S. C. 283 (b)); and

10 (4) Section 204 of the Act of February 28, 1925
11 (43 Stat. 1067; 39 U. S. C. 288).

12 (5) The last sentence of section 4 (a) of the Civil
13 Service Retirement Act as contained in the Civil Service Re-
14 tirement Act Amendments of 1956 (70 Stat. 747) is
15 hereby repealed, and hereafter the amounts contributed by
16 the Post Office Department to the civil service retirement
17 and disability fund in compliance with such section 4 (a) of
18 the Civil Service Retirement Act shall be considered as costs
19 of providing postal service for the purpose of establishing
20 postal rates.

21 **EFFECTIVE DATE**

22 SEC. 214. (a) The provisions of sections 203 (e), 208,
23 209, and 211 of this title shall take effect on the date of
24 enactment of this Act.

25 (b) The rates of postage prescribed by this title, except

1 as otherwise provided herein, shall become effective on July
2 1, 1958.

3 (c) The rates of postage prescribed by section 203 (a)
4 and (c) of this title shall become effective as provided in
5 such section 203 (a) and (c).

6 (d) The permit fee prescribed by section 204 (2) of
7 this title shall become effective on January 1, 1959.

8 (e) Section 205 (c) of this title shall become effective on
9 July 1, 1958.

10 (f) Section 213 shall become effective on July 1, 1958.

11 TITLE III—POSTAL MODERNIZATION FUND

12 ESTABLISHMENT OF FUND

13 SEC. 301. There is hereby established in the Treasury of
14 the United States a trust fund to be known as the "Postal
15 Modernization Fund" (hereinafter referred to as "the
16 Fund").

17 PAYMENT OF CERTAIN POSTAL RECEIPTS INTO THE FUND

18 SEC. 302. There shall be paid into the Fund out of
19 receipts of postage on first class mail the sum of \$175,-
20 000,000 during each fiscal year, beginning with the fiscal
21 year ending June 30, 1959, and ending with the fiscal year
22 ending June 30, 1961.

23 EXPENDITURE FROM FUND

24 SEC. 303. Moneys paid into the Fund, together with any
25 income thereof under section 304 (b), shall be available,

1 subject to appropriations therefor which are hereby author-
2 ized, until expended for obligation by the Postmaster General
3 for the purpose of conducting research, either directly or
4 through private or other organizations, and for the purpose
5 of developing, acquiring, and placing into operation improved
6 equipment and facilities for the performance of the postal
7 function.

8 MANAGEMENT OF FUND

9 SEC. 304. (a) It shall be the duty of the Secretary of
10 the Treasury to hold the Fund, and (after consultation
11 with the Postmaster General) to report to the Congress not
12 later than the first day of January of each year (beginning
13 with 1960) on the financial condition of the Fund as of the
14 end of the next preceding fiscal year.

15 (b) It shall be the duty of the Secretary of the Treasury
16 to invest such portion of the Fund as is not, in his judgment,
17 after consultation with the Postmaster General, required to
18 meet current withdrawals. Such investments may be made
19 only in interest-bearing obligations of the United States or
20 in obligations guaranteed as to both principal and interest
21 by the United States.

22 REPORT OF POSTMASTER GENERAL

23 SEC. 305. The Postmaster General shall include in his
24 annual report to the President for each year a detailed report
25 of his activities during such year under this title.

1 *TITLE IV—INCREASES IN COMPENSATION OF*
2 *POSTAL EMPLOYEES*

3 *SEC. 401. The Act entitled “Postal Field Service Com-*
4 *pensation Act of 1955”, approved June 10, 1955 (Public*
5 *Law 68, Eighty-fourth Congress), is hereby amended as*
6 *follows:*

7 *(a) In section 301 (a) strike out the Postal Field Serv-*
8 *ice Schedule, and insert the following schedule:*

“POSTAL FIELD SERVICE SCHEDULE								
Level	Per annum rates and steps							
1-----	\$3, 095	\$3, 205	\$3, 315	\$3, 425	\$3, 535	\$3, 645	\$3, 755	
<i>Temporary rate</i> -----	3, 335	3, 445	3, 555	3, 665	3, 775	3, 885	3, 995	
2-----	3, 320	3, 435	3, 550	3, 665	3, 780	3, 895	4, 010	
<i>Temporary rate</i> -----	3, 560	3, 675	3, 790	3, 905	4, 020	4, 135	4, 250	
3-----	3, 580	3, 705	3, 830	3, 955	4, 080	4, 205	4, 330	
<i>Temporary rate</i> -----	3, 820	3, 945	4, 070	4, 195	4, 320	4, 445	4, 570	
4-----	3, 935	4, 070	4, 205	4, 340	4, 475	4, 610	4, 745	
<i>Temporary rate</i> -----	4, 175	4, 310	4, 445	4, 580	4, 715	4, 850	4, 985	
5-----	4, 170	4, 305	4, 440	4, 575	4, 710	4, 845	4, 980	
<i>Temporary rate</i> -----	4, 410	4, 545	4, 680	4, 815	4, 950	5, 085	5, 220	
6-----	4, 505	4, 655	4, 805	4, 955	5, 105	5, 255	5, 405	
<i>Temporary rate</i> -----	4, 665	4, 815	4, 965	5, 115	5, 265	5, 415	5, 565	
7-----	4, 870	5, 035	5, 200	5, 365	5, 530	5, 695	5, 860	
<i>Temporary rate</i> -----	4, 950	5, 115	5, 280	5, 445	5, 610	5, 775	5, 940	
8-----	5, 255	5, 440	5, 625	5, 810	5, 995	6, 180	6, 365	
9-----	5, 675	5, 875	6, 075	6, 275	6, 475	6, 675	6, 875	
10-----	6, 235	6, 450	6, 665	6, 880	7, 095	7, 310	7, 525	
11-----	6, 860	7, 095	7, 330	7, 565	7, 800	8, 035	8, 270	
12-----	7, 545	7, 805	8, 065	8, 325	8, 585	8, 845	9, 105	
13-----	8, 310	8, 590	8, 870	9, 150	9, 430	9, 710	9, 990	
14-----	9, 140	9, 440	9, 740	10, 040	10, 340	10, 640	10, 940	
15-----	10, 050	10, 350	10, 650	10, 950	11, 250	11, 550	11, 850	
16-----	11, 075	11, 375	11, 675	11, 975	12, 275	12, 575	12, 875	
17-----	12, 255	12, 555	12, 855	13, 155	13, 455	13, 755	14, 055	
18-----	13, 760	14, 060	14, 360	14, 660	14, 960	15, 260	15, 560	
19-----	15, 000	15, 300	15, 600	15, 900				
20-----	16, 000”							

- 1 (b) In section 302 (a) strike out the Rural Carrier
- 2 Schedule, and insert the following schedule:

"RURAL CARRIER SCHEDULE

	Per annum rates and steps						
	1	2	3	4	5	6	7
Carriers in rural delivery service:							
Fixed compensation per annum.....	\$1,841	\$1,896	\$1,951	\$2,006	\$2,061	\$2,116	\$2,171
Temporary rate.....	2,081	2,136	2,191	2,246	2,301	2,356	2,411
Compensation per mile per annum for each mile up to 30 miles of route.....	65	67	69	71	73	75	77
For each mile of route over 30 miles.....	22	22	22	22	22	22	22
Temporary carriers in rural delivery service on routes to which no regular carrier is assigned:							
Fixed compensation per annum.....	1,841						
Temporary rate.....	2,081						
Compensation per mile per annum for each mile up to 30 miles of route.....	65						
For each mile of route over 30 miles.....	22						
Temporary carriers in rural delivery service on routes having regular carriers absent without pay or on military leave.....	(1)	(1)	(1)	(1)	(1)	(1)	(1)
Substitute carriers in rural delivery service on routes having carriers absent with pay.....	(1)	(1)	(1)	(1)	(1)	(1)	(1)"

¹ Basic compensation authorized for the regular carrier.

- 3 (c) In section 302 (c) strike out "\$4,700" and insert
- 4 "\$5,275 during the period referred to in section 304 (c)
- 5 or \$5,035 thereafter".
- 6 (d) In section 303 (a) strike out the Fourth-Class
- 7 Office Schedule and insert the following schedule:

"FOURTH-CLASS OFFICE SCHEDULE

Gross receipts	Per annum rates and steps						
	1	2	3	4	5	6	7
\$1,300 to \$1,499.99.....	\$2,703	\$2,793	\$2,883	\$2,973	\$3,064	\$3,154	\$3,244
Temporary rate.....	2,829	2,923	3,017	3,111	3,207	3,301	3,395
\$900 to \$1,299.99.....	2,477	2,560	2,642	2,725	2,808	2,891	2,973
Temporary rate.....	2,592	2,679	2,765	2,852	2,939	3,025	3,111
\$600 to \$899.99.....	2,027	2,095	2,163	2,231	2,298	2,366	2,434
Temporary rate.....	2,121	2,192	2,264	2,335	2,405	2,476	2,547
\$350 to \$599.99.....	1,577	1,630	1,682	1,735	1,788	1,840	1,893
Temporary rate.....	1,650	1,706	1,760	1,816	1,871	1,926	1,981
\$250 to \$349.99.....	1,127	1,164	1,202	1,239	1,277	1,315	1,352
Temporary rate.....	1,179	1,218	1,258	1,297	1,336	1,376	1,414
\$200 to \$249.99.....	901	931	961	991	1,021	1,051	1,081
Temporary rate.....	943	974	1,006	1,037	1,069	1,100	1,131
\$100 to \$199.99.....	676	699	721	744	766	789	812
Temporary rate.....	707	732	755	779	802	826	850
Under \$100.....	450	465	481	496	511	526	541
Temporary rate.....	471	487	503	519	535	550	566"

1 (e) In section 304 insert the following new subsection:

2 “(c) Wherever a temporary per annum rate is pro-
3 vided by a basic salary schedule contained in this title, such
4 temporary rate shall be in effect, in lieu of the regular
5 scheduled rate, for the period beginning on the effective date
6 of this amendment and ending three years after such date.”

7 SEC. 402 (a) The annual rate of basic salary of any
8 officer or employee whose basic salary by reason of the pro-
9 visions of section 504 of the Postal Field Service Compens-
10 ation Act of 1955 is at a rate between two scheduled rates,
11 or above the highest scheduled rate, in the Postal Field
12 Service Schedule, the Rural Carrier Schedule, or the Fourth-
13 class Office Schedule, whichever may be applicable, is hereby
14 increased by an amount equal to the amount of the increase
15 made by this title in the next lower rate in such schedule.

16 (b) As used in this section, the term “basic salary” has
17 the same meaning as when used in the Postal Field Service
18 Compensation Act of 1955.

19 SEC. 403. No increase under the provisions of this title
20 shall be construed to be an equivalent increase within the
21 meaning of section 401 (a) of the Postal Field Service Com-
22 pensation Act.

23 SEC. 404. The Governor of the Canal Zone is au-
24 thorized and directed to grant, effective as of January 1,
25 1958, increases in the compensation of postal employees of

1 *the Canal Zone Government comparable to those provided*
2 *by this title for similar employees.*

3 *SEC. 405. This title shall have the same force and effect*
4 *within Guam as within other possessions of the United States.*

5 *SEC. 406. (a) Retroactive compensation or salary shall*
6 *be paid by reason of this title only in the case of an indi-*
7 *vidual in the service of the United States (including service*
8 *in the Armed Forces of the United States) or the municipal*
9 *government of the District of Columbia on the date of enact-*
10 *ment of this title, except that such retroactive compensation*
11 *or salary shall be paid (1) to a postmaster, officer, or em-*
12 *ployee who retired during the period beginning on the first*
13 *day of the first pay period which began on or after January*
14 *1, 1958, and ending on the date of enactment of this title*
15 *for services rendered during such period and (2) in accord-*
16 *ance with the provisions of the Act of August 3, 1950 (Pub-*
17 *lic Law 636, Eighty-first Congress), as amended, for*
18 *services rendered during the period beginning on the first day*
19 *of the first pay period which began on or after January 1,*
20 *1958, and ending on the date of enactment of this title by a*
21 *postmaster, officer, or employee who died during such period.*

22 *(b) For the purposes of this section, service in the*
23 *Armed Forces of the United States, in the case of an indi-*
24 *vidual relieved from training and service in the Armed*
25 *Forces of the United States or discharged from hospitaliza-*

1 tion following such training and service, shall include the
 2 period provided by law for the mandatory restoration of
 3 such individual to a position in or under the Federal Gov-
 4 ernment or the municipal government of the District of
 5 Columbia.

6 SEC. 407. (a) This title shall take effect as of the first
 7 day of the first pay period which began on or after January
 8 1, 1958.

9 (b) For the purpose of determining the amount of in-
 10 surance for which an individual is eligible under the Federal
 11 Employees' Group Life Insurance Act of 1954, all changes
 12 in rates of compensation or salary which result from the
 13 enactment of this title shall be held and considered to be
 14 effective as of the date of such enactment.

Amend the title so as to read: "An Act to establish a
 postal policy, to adjust postal rates, to adjust the compensa-
 tion of postal employees, and for other purposes."

Passed the House of Representatives August 13, 1957.

Attest: RALPH R. ROBERTS,
 Clerk.

Passed the Senate with amendments February 28, 1958.

Attest: FELTON M. JOHNSTON,
 Secretary.

85TH CONGRESS
2D Session H. R. 5836

AN ACT

To readjust postal rates and to establish a congressional policy for the determination of postal rates, and for other purposes.

IN THE SENATE OF THE UNITED STATES

FEBRUARY 28, 1958

Ordered to be printed with the amendments of the
Senate

15. POSTAL RATES. House conferees were appointed on H. R. 5836, to readjust postal rates. Senate conferees have not been appointed. p. 4139
16. FEDERAL-STATE RELATIONS. Rep. Smith urged the Judiciary Committee to act on H. R. 3, to declare that Federal law does not preempt State laws in the same field, and discussed the present legal situation with Reps. Hiestand, Brown, O., Cramer, Hoffman, Walter, Willis, and Celler. pp. 4148-50
17. ADMINISTRATIVE LAW. Received from the American Bar Ass'n a petition with respect to "administrative agency practice and procedure and the desirability of a code of agency-tribunal standard of conduct." p. 4171
18. LEGISLATIVE PROGRAM. Rep. McCormack announced that the first order of business Wed., Mar. 19, would be S. 3418, the housing bill (including rural housing), and that S.J. Res. 162, to freeze acreage allotments and price supports, would be brought up Mar. 20 or 21 if a rule were reported. pp. 4147-8

ITEMS IN APPENDIX

19. CONSERVATION. Extension of remarks of Sen. Talmadge inserting J. L. Morgan's, chairman of the Ga. Agricultural Stabilization and Conservation Committee, speech before the Land and Water Use Conference. pp. 2508-10
20. FARM PROGRAM. Extension of remarks of Sen. Proxmire commending cooperative programs and inserting resolutions adopted by Farmers Union Central Exchange Convention "recommending an overall program to assure parity income to farm families." p. A2517
Extension of remarks of Rep. Knutson inserting two editorials critical of the administration's farm program. p. A2546-7
21. FOREIGN TRADE. Rep. Boggs inserted Alfred N. Steele's, Pepsi-Cola Co., statement in favor of extension of the Trade Agreements Act. pp. A2521-2
Extension of remarks of Rep. Dent stating that "it appears that the unemployment situation is causing a closer look to be taken of the reciprocal trade agreements." p. A2522
22. FOREIGN AID. Various insertions favoring and opposing the proposed extension of the mutual security program. pp. A2502-3, A2542, A2550-1, A2552
23. STATEHOOD. Rep. Pelly opposed provisions in the Alaska statehood bill which he alleged would discriminate against non-residents of Alaska in the fishery industry. pp. A2530-1
24. DAIRY PROGRAM. Rep. Westland inserted a resolution of the Snohomish County, Wash., Dairymen's Ass'n, supporting the proposed self-help dairy bills. p. A2531
Rep. Laird inserted a letter from the newly organized Independent Natural Cheese Manufacturers Ass'n, urging that dairy support prices be frozen at the present level, and urging that if this is not done butter powder and cheese support prices should be equalized. pp. A2558-9
25. BUDGET. Rep. Canfield inserted a profile story on Maurice H. Stans, the new Director of the Budget Bureau. p. A2537
26. WHEAT. Rep. Breeding inserted his statement to the House Wheat Subcommittee in support of H. R. 8059 and similar bills to provide a domestic parity, or two-price plan, for wheat. p. A2544

27. CONSERVATION. Rep. Dingell inserted an article on the importance of conservation and the work of the CCC camps in the 1930's. pp. A2555-7
28. WILDLIFE. Rep. Avery inserted an editorial on the importance of National Wildlife Week in pointing up the need to care for our public lands. p. A2559
29. LIBRARY SERVICES. Rep. Porter inserted three articles on the Library Services Act from Ore. papers and urged an increase in the appropriation for such purposes. pp. A2563-4
30. PERSONNEL. Rep. Holtzman inserted his statement in favor of H. R. 6, to grant official recognition to Federal employee organizations. p. A2566

BILL APPROVED BY THE PRESIDENT

31. RESEARCH; FISHERIES. S. 1552, to authorize the Secretary of the Interior to establish a program of research and experimentation to develop methods for the commercial production of fish on flooded rice acreage in rotation with ricefield crops. Approved March 15, 1958 (Public Law 85-342, 85th Congress).

BILLS INTRODUCED

32. PERSONNEL. S. 3512, by Sen. Johnston, S.C., to facilitate the recruitment of trained and experienced employees in departments of Government; to retrain retrained employees in Government; and to correct inequities under the Civil Service Retirement Act; to Post Office and Civil Service Committee.
S. 3513, by Sen. Javits, to amend title 18 of the U. S. Code relating to threats or injury to Federal officers in the discharge of their duties; to Judiciary Committee.
33. TRADE AGREEMENTS. H. R. 11462, by Rep. Simpson, Pa., and H. R. 11463, by Rep. Davis, Ga., to extend for 1 year the authority of the President to enter into trade agreements under section 350 of the Tariff Act of 1930, as amended; to Ways and Means Committee.
34. ROADS. H. R. 11466, by Rep. Broomfield, to amend and supplement the Highway Revenue Act of 1956; to Public Works Committee.

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COMMITTEE HEARINGS ANNOUNCEMENTS:

- Mar. 19: Freeze acreage allotments and price supports at 1957 levels, H. Rules.
Extension of wool act, S. Agriculture (exec).
Senate resolution favoring multilateral loans from Public Law 480 funds, S. Banking (Paarlberg to testify).
H. Agriculture subcommittee on cotton to hear American Farm Bureau Federation witnesses.
USDA appropriations, S. Appropriations (FES, OGC, Off. of Secy. and AMS to testify).
Export subsidies on cotton, H. Appropriations (CSS to testify).
Food supplies for migratory birds, S. Interstate and Foreign Commerce (exec).
Extension of mutual security programs, S. Foreign Relations and H. Foreign Affairs.
Extension of trade agreements authority, H. Ways and Means.
Research on weather modification, H. Interstate and Foreign Commerce.
- Mar. 20: Foreign disposal of surplus rice, H. Agriculture (Garnett and Palmby et al to testify).

House of Representatives

TUESDAY, MARCH 18, 1958

The House met at 12 o'clock noon.

The Chaplain, Rev. Bernard Braskamp, D. D., offered the following prayer:

Psalm 33: 12: *Blessed is the nation whose God is the Lord.*

Eternal God, our Father, grant that during this day we may walk and work in the fear of the Lord as we strive to maintain the high idealism of our Republic.

May all who serve our beloved country in the affairs of Government bear clear and courageous testimony to their faith in Thy divine providence which is ever 'round about us.

We earnestly beseech Thee that our chosen representatives may discharge faithfully the duties which demand the dedication of their noblest manhood and womanhood.

Give us a reassuring vision of how truly great and blessed our Nation will be if we avail ourselves of the inexhaustible resources of Thy grace.

May Thy holy name be glorified. Amen.

THE JOURNAL

The Journal of the proceedings of yesterday was read and approved.

MESSAGE FROM THE SENATE

A message from the Senate by Mr. McGown, one of its clerks, announced that the Senate had passed without amendment bills and a joint resolution of the House of the following titles:

H. R. 3486. An act to provide that the Uniform Simultaneous Death Act shall apply in the District of Columbia;

H. R. 7696. An act to authorize certain persons to wear the uniform of a Reserve Officers' Training Corps;

H. R. 8250. An act to authorize the establishment of the Petrified Forest National Park in the State of Arizona, and for other purposes;

H. R. 9653. An act to provide that the Fort Gaines lock and dam on the Chattahoochee River shall hereafter be known and designated as the Walter F. George lock and dam;

H. R. 10242. An act to permit articles imported from foreign countries for the purpose of exhibition at the Chicago International Fair and Exposition, to be held in July 1959 at Chicago, Ill., to be admitted without payment of tariff, and for other purposes; and

H. J. Res. 439. Joint resolution to permit articles imported from foreign countries for the purpose of exhibition at the Washington State Seventh International Trade Fair, Seattle, Wash., to be admitted without payment of tariff, and for other purposes.

The message also announced that the Senate had passed, with amendments in which the concurrence of the House is requested, bills and a joint resolution of the House of the following titles:

H. R. 7153. An act giving the consent of Congress to a compact between the State of Oregon and the State of Washington establishing a boundary between those States;

H. R. 8437. An act to amend the act of August 3, 1956, to authorize certain personnel of the Armed Forces to accept and wear decorations conferred by the Philippine Government;

H. R. 10843. An act to amend section 114 of the Soil Bank Act with respect to compliance with corn acreage allotments; and

H. J. Res. 347. Joint resolution authorizing and requesting the President to invite the several States and foreign countries to take part in the Fourth International Automation Congress and Exhibition to be held in the New York Coliseum at New York, N. Y., from June 9 to June 13, 1958.

The message also announced that the Senate had passed bills and concurrent resolutions of the following titles, in which the concurrence of the House is requested:

S. 532. An act to revise and modernize the fish and game laws of the District of Columbia, and for other purposes;

S. 602. An act to provide for the acquisition of additional land to be used in connection with the Cowpens National Battleground site;

S. 847. An act to amend the act of June 5, 1944, relating to the construction, operation, and maintenance of Hungry Horse Dam, Mont.;

S. 1843. An act to amend the act entitled "An act to create a Recreation Board for the District of Columbia, to define its duties, and for other purposes," approved April 29, 1942;

S. 1984. An act to provide for the transfer of the Civil Service Commission Building in the District of Columbia to the Smithsonian Institution to house certain art collections of the Smithsonian Institution;

S. 1987. An act for the relief of Richard K. Lim and Margaret K. Lim;

S. 2115. An act to amend the Act of June 7, 1897, as amended, and section 4233 of the Revised Statutes, as amended, with respect to lights for vessels towing or being overtaken;

S. 2557. An act to amend the act granting the consent of Congress to the negotiation of certain compacts by the States of Nebraska, Wyoming, and South Dakota in order to extend the time for such negotiation;

S. 2630. An act to authorize the Secretary of Defense to lend certain Army, Navy, and Air Force equipment, and to provide certain services to the Girl Scouts of the United States of America, and to permit use of certain lands of the Air Force Academy for use at the Girl Scout Senior Roundup Encampment, and for other purposes;

S. 2713. An act for the relief of Abbas Mohammad Awad;

S. 2735. An act for the relief of Sayo Ono Taylor;

S. 2807. An act for the relief of Johanna Dippold;

S. 2813. An act to provide for certain credits to the Salt River Valley Water Users' Association and the Salt River Project Agricultural Improvement and Power District in consideration of the transfer to the Government of property in Phoenix, Ariz.;

S. 2937. An act to provide equitable treatment for producers participating in the Soil Bank program on the basis of incorrect information furnished by the Government;

S. 3059. An act to amend the act entitled "An act to authorize the Commissioners of the District of Columbia to remove dangerous or unsafe buildings and parts thereof, and for other purposes", approved March 1, 1899, as amended;

S. 3100. An act to provide transportation on Canadian vessels between ports in southeastern Alaska, and between Hyder, Alaska, and other points in southeastern Alaska or the continental United States, either directly or via a foreign port, or for any part of the transportation;

S. 3243. An act to permit certain foreign students to attend the District of Columbia Teachers College on the same basis as a resident of the District of Columbia;

S. Con. Res. 71. Concurrent resolution to print the proceedings in connection with the acceptance of the statue of Maria L. Sanford, late of Minnesota; and

S. Con. Res. 72. Concurrent resolution favoring congressional recognition of the 20th anniversary of civil aviation under the Civil Aeronautics Act of 1938.

POSTAL POLICY ACT OF 1958

Mr. MURRAY. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (H. R. 5836) to readjust postal rates and to establish a congressional policy for the determination of postal rates, and for other purposes, with Senate amendments thereto, disagree to the amendments of the Senate, and agree to the conference asked by the Senate.

Mr. ALLEN of Illinois. Mr. Speaker, reserving the right to object, has the gentleman from Tennessee consulted the ranking minority member, the gentlemen from Kansas [Mr. REES]?

Mr. MURRAY. Yes; that is correct.

The SPEAKER. Is there objection to the request of the gentleman from Tennessee? [After a pause.] The Chair hears none and appoints the following conferees: Messrs. MURRAY, MORRISON, DAVIS of Georgia, REES of Kansas, and CORBETT.

THE UNEMPLOYMENT SITUATION

Mr. PORTER. Mr. Speaker, I ask unanimous consent to extend my remarks at this point in the Record.

The SPEAKER. If the remarks are not over 300 words, without objection the gentleman may do so, otherwise not.

Is there objection to the request of the gentleman from Oregon?

There was no objection.

Mr. PORTER. Mr. Speaker, I am today introducing legislation to assist unemployed railroaders whose unemployment insurance has expired or is about to expire. It would extend the present

benefit period of 26 weeks to 39 weeks.

Current statistics show 155,503 railroaders are drawing unemployment insurance. An additional 14,000 have exhausted their benefits since the first of the year, the Railroad Retirement Board tells me. I am informed the numbers are unprecedented.

Cost of this extension of weeks would be borne by the United States Treasury. The legislation proposed would expire March 31, 1959. It is a privilege for me to introduce this bill which is identical to one introduced March 11 by my distinguished colleague, the gentleman from Pennsylvania [Mr. VAN ZANDT].

I am also filing today a bill to provide for unemployment reinsurance grants to the States to revise, extend, and improve the unemployment insurance program. It provides for minimum unemployment compensation coverage in each State of 39 weeks, and is like legislation proposed by my friend, the gentleman from Minnesota [Mr. McCARTHY] and others.

Letters from my district in Oregon are pessimistic, Mr. Speaker. The men and women and children there have been under a yoke of depressed economy far too long. Last week they saw a hopeful sign when the price of softwood plywood went up slightly instead of down as the trend has been all winter. But one step is not a hurdle and help is necessary now.

PRIVATE CALENDAR

The SPEAKER. This is Private Calendar day. The Clerk will call the first bill on the Private Calendar.

RELIEF OF CERTAIN ALIENS

The Clerk called the first bill, House Joint Resolution 529, for the relief of certain aliens.

There being no objection, the Clerk read the bill, as follows:

Resolved, etc., That, for the purposes of the Immigration and Nationality Act, Lillian Schaffer shall be held and considered to have been lawfully admitted to the United States for permanent residence as of the date of the enactment of this act, upon payment of the required visa fee: *Provided,* That a suitable and proper bond or undertaking, approved by the Attorney General be deposited as prescribed by section 213 of that act.

SEC. 2. For the purposes of the Immigration and Nationality Act, Theodore Elie Hadjithomas, Mabel Dorothy Hoffman (Clarke), Jahangir Afkhami Mohajer, Fatima Afkhami Mohajer, Eliseva Kaufman (Saltz), Frantisek Hanisko, Mrs. Young Chong How, Chu Fung Lau, Shu-Yuan Yen (Jane Yen), and Lina Miloslavsky shall be held and considered to have been lawfully admitted to the United States for permanent residence as of the date of the enactment of this act, upon payment of the required visa fees. Upon the granting of permanent residence to each alien as provided for in this section of this act, if such alien was classifiable as a quota immigrant at the time of the enactment of this act, the Secretary of State shall instruct the proper quota-control officer to reduce by one the quota for the quota area to which the alien is chargeable for the first year that such quota is available.

With the following committee amendments:

On page 2, line 4, after the name "Chu Fung Lau," insert the word "and".

On page 2, line 5, after the name "(Jane Yen)" strike out the following language "Lina Miloslavsky".

On page 2, at the end of the joint resolution, insert a new section 3 to read as follows:

"Sec. 3. That for the purposes of the Immigration and Nationality Act, Lina Miloslavsky shall be held and considered to have been lawfully admitted to the United States for permanent residence as of the date of the enactment of this act, upon payment of the required visa fee. Upon the granting of permanent residence to such alien as provided for in this section of this act, the Secretary of State shall instruct the proper quota-control officer to deduct 1 number from the number of immigrant visas authorized to be issued to refugee-escapees pursuant to section 15 of the act of September 11, 1957 (71 Stat. 643-644)."

The committee amendments were agreed to.

The House joint resolution was ordered to be engrossed and read a third time, was read the third time, and passed.

A motion to reconsider was laid on the table.

MATTHEW M. EPSTEIN

The Clerk called the bill (S. 2498) for the relief of Matthew M. Epstein.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That the Secretary of the Treasury is authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, to Matthew M. Epstein, of Washington, D. C., the sum of \$281.87. Such payment shall be in full satisfaction of all claims of the said Matthew M. Epstein against the United States for reimbursement of medical and other expenses incurred by him as a result of an accident which occurred on October 10, 1956, when a 1,200-pound weight fell from a tower clock of a United States Government building: *Provided,* That no part of the amount appropriated in this act in excess of 10 percent thereof shall be paid or delivered to or received by any agent or attorney on account of services rendered in connection with this claim, and the same shall be unlawful, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding \$1,000.

With the following committee amendment:

Page 1, line 9, strike out "medical and other expenses" and insert "personal property losses."

The committee amendment was agreed to.

The bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

THOMAS HELMS AND OTHER EMPLOYEES OF THE BUREAU OF PUBLIC ROADS

The Clerk called the bill (H. R. 5424) for the relief of Thomas Helms and other employees of the Bureau of Public Roads.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That the Secretary of the Treasury is hereby authorized and directed to pay, out of any money in the

Treasury not otherwise appropriated, to the persons enumerated below the sums specified, in full settlement of all claims against the Government of the United States as reimbursement for personal effects destroyed as a result of the fire which occurred on January 19, 1957, at the Haines, Alaska, depot of the Bureau of Public Roads: Thomas Helms, \$19; Eddie L. Mellott, \$50; Lee R. Kinnman, \$75; John M. Rorex, \$23; Marvin L. Smith, \$46; and Thomas A. Ward, \$45.

SEC. 2. No part of the amounts appropriated in this act shall be paid or delivered to or received by any agent or attorney on account of services rendered in connection with these claims, and the same shall be unlawful, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding \$1,000.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

MRS. ELBA HAVERSTICK CASH

The Clerk called the bill (H. R. 6963) for the relief of Mrs. Elba Haverstick Cash.

Mr. HEMPHILL. Mr. Speaker, I ask unanimous consent that this bill may be passed over without prejudice.

The SPEAKER. Is there objection to the request of the gentleman from South Carolina?

There was no objection.

DWIGHT J. BROHARD

The Clerk called the bill (H. R. 7203) for the relief of Dwight J. Brohard.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That Dwight J. Brohard, of Alameda, Calif., is relieved of all liability to pay to the United States the sum of \$2,132.62 representing reimbursement of compensation paid him for work at Bureau of Federal Credit Unions of the Department of Health, Education, and Welfare, by the United States Government for the employment period of January 3, 1956, until October 6, 1956.

With the following committee amendment:

At the end of the bill insert: "In the audit and settlement of the accounts of any certifying or disbursing officer of the United States, full credit shall be given for any amount disbursed to Dwight J. Brohard for which relief from liability is accorded to him by this act."

The committee amendment was agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

CHARLES J. JENNINGS

The Clerk called the bill (H. R. 7267) for the relief of Charles J. Jennings.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That 2d Lt. Charles J. Jennings, United States Army, retired (serial No. O1641433), is relieved of liability to repay to the United States the sum

March 19, 1958

15. STATEHOOD. Sen. Allott spoke in favor of statehood for Alaska and Hawaii. pp. 4196-7
16. FOREIGN AID. Sen. Carroll inserted a newspaper editorial favoring the establishment of an international development association. p. 4198
17. ROADS. Sen. Humphrey inserted a local Minn. County Board of Commissioners resolution urging support for H. R. 9821, the road authorization bill. p. 4178
Sen. Humphrey and Thye inserted resolutions from the Minn. State Horticultural Society favoring a ban on advertising signs along new Federal highways. pp. 4177, 4186-7
18. POSTAL RATES. Conferees were appointed on H. R. 5836, the postal rate increase and postal employee pay raise bill (pp. 4201-2). House conferees were appointed Mar. 18.
19. EXPENDITURES. Sen. Byrd expressed his opposition to deficit spending by the Federal Government. pp. 4174-5
20. DAIRY PROGRAM. Sen. Jackson inserted a local Wash. Dairyman's Ass'n. resolution favoring the principles provided in a dairy industry self-help plan. p. 4176
Sen. Proxmire expressed his opposition to a reduction in dairy price supports. p. 4188
21. FOREIGN TRADE. Sen. Smith, N. J., inserted a newspaper editorial favoring extension of the Reciprocal Trade Agreements Act. p. 4184
22. FORESTRY. The Interior and Insular Affairs Committee ordered reported with amendment S. 1748, to add certain lands located in Idaho and Wyo. to the Caribou and Targhee National Forests. p. D230
23. WHEAT IMPORTS. Sen. Langer criticized the State Department for objecting to legislation, S. 666, to increase the duty on imported wheat treated with poisonous substances which is unfit for human consumption. p. 4221
The Agriculture and Forestry Committee ordered reported without amendment S. 666, to increase the duty on imported wheat treated with poisonous substances which is unfit for human consumption, and S. 3120, with an amendment, to exempt production of durum wheat in the Tulare area, Calif., from acreage allotments and marketing quotas. pp. D229-30
24. LEGISLATIVE PROGRAM. Sen. Johnson announced that S. 1356, to transfer certain functions under the Packers and Stockyards Act from this Department to FTC, will be taken up after disposition of the pending bill to extend Public Law 480. p. 4206

ITEMS IN APPENDIX

25. FARM PROGRAM. Sen. Yarborough inserted his speech to Kan. Democrats in which he criticized the Secretary's farm program. pp. A2573-4
Sen. Williams inserted a telegram from the Pa. Poultry Federation commending the Secretary for his stand on flexible price supports. pp. A2582-3
Sen. Langer inserted Farmers' Union GTA radio reports which stated that lower farm prices would not result in lower food costs, and that the \$5 billion farm budget included many items (school lunch, meat inspection, and REA loans) which could not be considered farm subsidies. p. A2582
Rep. Smith, Kans., inserted a wheat farmer's letter to him on the financial situation of wheat farmers, urging higher support prices, or, alternatively, removal of all acreage controls with 70% of parity price supports. p. A2612

Rep. Miller, Md., inserted Sen. Beall's summary of USDA activities in Md., including conservation, soil bank payments, farm loans, rural development, research, and the school lunch and surplus distribution programs. pp. A2621-2

26. FOREST PRODUCTS. Rep. Sikes inserted testimony of the Hardwood Plywood Manufacturers Committee to the House Ways and Means Committee, urging an absolute import quota on hardwood plywood, and that Congress make Tariff Commission recommendations final unless overruled by Congress. pp. A2575-6
27. PUBLIC LAW 480. Sen. Proxmire inserted a letter from the Wis. Cooperative Tobacco Growers Ass'n urging extension of Public Law 480 for 5 years. p. A2579
28. FOREIGN TRADE. Rep. Fallon inserted testimony by the American Merchant Marine Institute, Inc., to the House Ways and Means Committee, favoring extension of the Trade Agreements Act. pp. A2584-6
Extension of remarks of Rep. Patterson opposing provisions in the present Reciprocal Trade Agreements Act allowing the President to override Tariff Commission recommendations, and urging Congress to enact legislation to give itself the veto power over such recommendations. pp. A2609-10
29. ONION FUTURES. Rep. Weaver inserted correspondence with CEA raising several questions on H. R. 376, prohibiting onion futures trading, and an editorial criticizing the passage of the bill on the grounds that onion futures markets served a useful purpose. pp. A2586-7
30. LIBRARY SERVICES. Rep. Dwyer inserted two editorials on the value of reading and the free library system. pp. A2596-7
31. STATEHOOD. Extension of remarks of Rep. Saylor urging statehood for Alaska as being overdue. pp. A2610-11
32. ROADS. Rep. Springer inserted an editorial urging acceleration of the highway program. p. A2614
Rep. Flood inserted a letter from Gov. Leader of Pa. urging support for legislation to grant Pa. sufficient Federal funds to complete the Interstate system in Pa. in 13 years. p. A2620
33. TVA. Rep. Loser inserted an editorial, "Keep TVA Light Shining," on the value of TVA and the need to "save TVA from the greed of private power companies." p. A2614
34. GOVERNMENT ETHICS. Rep. Pelly inserted two columns favoring the American Bar Ass'n's proposed legislation to establish a code of ethical conduct for Federal officials. pp. A2620-1
35. PERSONNEL. Rep. Fino inserted a resolution of retired Civil Service employees urging increases for Federal annuitants of more than 10% without work limitations of compensation ceilings. p. A2622
Extension of remarks of Rep. Hosmer stating that Federal employee pay raises must be measured by fiscal considerations as well as by need, and inserting a letter from Naval employees urging favorable action on a pay bill which could be approved by the President, rather than higher increases which might be vetoed. pp. A2630-1

BILLS INTRODUCED

36. FOOD ALLOTMENTS. S. 3514, by Sen. Proxmire and other Senators, to establish a National Food Allotment Program to augment the diets of low-income and needy persons and families, to encourage the constructive utilization of abundant

his 5-year sentence and permit him to withdraw his plea of guilty. Big Bill claimed that (a) despite his plea, he was not guilty, and (b) because of the friendship existing between Judge Baker and himself and because of a conference between Judge Baker, the United States District Attorney, C. Lee Spillers, and his own attorney, Carl B. Galbraith, he had pleaded guilty since he was led to believe he would not be jailed but "would receive a substantial fine and suspended sentence and be placed on parole."

Denying there had been any deal Judge Baker said he had told Galbraith that "Lias had been before me five times and I had sent him to prison twice and I wasn't going to put that kind of a man on probation." Spillers also vehemently rejected Lias' contention of a deal.

In support of his motion, Big Bill offered these sworn statements:

"That for a long period of time immediately preceding the entry of the aforementioned plea * * * he and the Honorable William E. Baker * * * were friendly * * * that the * * * judge had been a guest at several of the business enterprises operated by Lias and was well aware of the activities involved in such enterprises * * * (that the judge had visited Lias' office, that Lias had sent him several season passes to his race track, Wheeling Downs—which were returned—that the judge had been Lias' guest at Zellers Steak House.)"

Big Bill's gamble to escape the penitentiary paid off. Judge Baker vacated his sentence, and allowed him to withdraw his guilty plea. In a later trial, Lias was acquitted.

In cracking the case, Senator WILLIAMS pointed out that the acquittal of Lias on criminal charges had not ended his civil liability for his \$2,230,744.82 income tax due; and that for nearly 3 years the Internal Revenue Service had done little to collect it. He further charged that 8 days before his trial, Lias had made gifts of nearly half a million dollars in property and securities to his brother and brothers-in-law; and, by excessive payments in salaries and dividends to relatives further drained off his assets.

The IRS, slow to move against Lias, now became tough; and Big Bill, suddenly losing hope of quickly settling his tax troubles, telephoned Senator WILLIAMS, insisting on seeing him at once in WILLIAMS' private office in the Senate Office Building.

But, on March 13, 1952, when he arrived for his private session with the Senator, he found himself in an executive session of a subcommittee of the Senate Committee on Finance. He was not very convincing as he sat overflowing onto two chairs.

Invited to "tell your own story in your own way," Lias claimed, according to Senator WILLIAMS, that Members of Congress at various times intervened for him in income-tax matters; confessed he hadn't filed at all until 1934 and admitted he had about \$700,000 in cash at a time when he told the Government he could not meet a \$500 income-tax payment.

Senator WILLIAMS also questioned Lias briefly about another of his scrapes with the law—one that failed to become a nationwide scandal only because of the direct intervention of influential politicians.

"During rationing, right after World War II, when critical materials were scarce and millions of veterans couldn't find homes, Lias built Wheeling Downs racetrack; the OPA investigated him and recommended prosecution," WILLIAMS said.

"I was told that when the file was sent to the district attorney in Wheeling, it was bounced back with the notation 'the District Attorney flatly refuses to prosecute.' I tried to get a copy of the file but, instead, received a letter from Eric Johnston, administrator of the agency, stating that because of * * * an historic public policy recognized generally

and in the courts that Government files should be kept confidential except in limited circumstances, such as by direction of the President, etc. * * * it is my duty * * * not to release this file."

Big Bill disclaimed personal knowledge of the OPA affair.

Spurred on by Senator WILLIAMS, Government receivers took over Lias' property, including Wheeling Downs. In United States tax-court proceedings, deficiencies were sustained against Lias personally for \$2,487,548.87, against his slot-machine company, Automatic Cigarette Sales Co., Inc., for \$176,466.42 and against his plush gambling spot, Zellers Steak House, Inc., for \$37,543.53. Lias' deficiency included a 50-percent penalty for fraud. The United States Court of Appeals affirmed the decision, and the United States Supreme Court refused to review it, slamming shut the door on Big Bill's last hope on April 22, 1957.

How did Uncle Sam finally make out in the tangled Lias affair? Not too badly, thanks to Sen. WILLIAMS and a new crop of Revenue officials. All Lias' assets, including the race track, have been sold, and approximately \$1,788,139 in back taxes collected. That's still almost \$1 million short, of course, but any new Lias assets which can be found will be seized.

Meanwhile, the Government's long-delayed suit against Lias as an undesirable alien is being pressed. Should judgment go against him, he may yet be deported to Greece, where the United States Government claims he was born.

CLARIFICATION OF NAVIGATION RULES FOR THE GREAT LAKES

Mr. MAGNUSON. Mr. President, last Monday, on the call of the calendar, the Senate passed S. 1976, which clarifies the application of navigation rules for the Great Lakes and their connecting and tributary waters.

Concurrent with the Senate action, the House passed an identical measure, H. R. 7226. That bill is now at the desk.

Under the circumstances, I ask unanimous consent that the Senate reconsider the vote by which S. 1976 was passed; that H. R. 7226 be laid before the Senate for passage in lieu of the Senate bill; and that S. 1976 be indefinitely postponed.

Mr. JAVITS. Mr. President, reserving the right to object, will the Senator from Washington inform us whether this matter has been cleared with the minority leadership?

Mr. MAGNUSON. It has not been cleared. I am merely suggesting action on the House bill to clarify the matter. An identical bill was passed by the Senate. I did not know that it would be necessary to clear the request with Senators. Senate bill 1976 was passed unanimously by the Senate, and at the same time the House passed an identical bill. I simply wish to clarify the situation by having the vote by which the Senate bill was passed reconsidered, and to have the House bill passed. The House bill contains language identical with that of the Senate bill.

I can wait, if the Senator wishes, but the matter is quite important to navigation on the Great Lakes.

Mr. JAVITS. The Senator may proceed. I withdraw my reservation.

The PRESIDING OFFICER (Mr. COTTON in the chair). Without objec-

tion, the vote by which Senate bill S. 1976 was passed is reconsidered.

The PRESIDING OFFICER laid before the Senate the bill (H. R. 7226) to clarify the application of navigation rules for the Great Lakes and their connecting and tributary waters, and for other purposes, which was read twice by its title.

The PRESIDING OFFICER (Mr. TALMADGE in the chair). Is there objection to the request of the Senator from Washington?

There being no objection, the bill (H. R. 7226) was considered, ordered to a third reading, read the third time, and passed.

The PRESIDING OFFICER. Without objection, Senate bill 1976 is indefinitely postponed.

EXTENSION OF AGRICULTURAL TRADE DEVELOPMENT AND ASSISTANCE ACT OF 1954

The PRESIDING OFFICER. Is there further morning business? If not, morning business is concluded; and the Chair lays before the Senate the unfinished business.

The Senate resumed the consideration of the bill (S. 3420) to extend and amend the Agricultural Trade Development and Assistance Act of 1954.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Vermont [Mr. Aiken] for himself and the Senator from Iowa [Mr. Martin], to strike out sections 5 and 6.

Mr. ELLENDER. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. KNOWLAND. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

READJUSTMENT OF POSTAL RATES

Mr. HUMPHREY obtained the floor.

Mr. JOHNSTON of South Carolina. Mr. President, will the Senator yield to me on another matter?

Mr. HUMPHREY. I shall be glad to yield to the Senator, providing I do not lose the floor.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. JOHNSTON of South Carolina. Mr. President, I ask the Presiding Officer to lay before the Senate the message setting forth the action of the House of Representatives on the amendments of the Senate to the postal rate bill.

The PRESIDING OFFICER laid before the Senate a message from the House of Representatives announcing its disagreement to the amendments of the Senate to the bill (H. R. 5836) to readjust postal rates and to establish a congressional policy for the determination of postal rates, and for other purposes, and requesting a conference with the Senate on the disagreeing votes of the two Houses thereon.

Mr. JOHNSTON of South Carolina. I move that the Senate insist upon its amendments, agree to the request of the House for a conference, and that the Chair appoint the conferees on the part of the Senate.

Mr. KNOWLAND. Mr. President, I wonder whether the distinguished Senator from South Carolina would postpone his request for a few moments. I should like to consult the ranking minority member of the Committee on Post Office and Civil Service. I understood the matter was not to be brought up at this time.

Mr. JOHNSTON of South Carolina. I withheld my motion yesterday. I understood it would not be brought up then. I have discussed the matter with the Senator from Kansas [Mr. CARLSON]. I told him what I was going to do.

Mr. KNOWLAND. As a matter of courtesy I should like to have the opportunity to discuss the matter with him before conferees are appointed.

Mr. JOHNSTON of South Carolina. Very well.

The PRESIDING OFFICER. The message will be temporarily laid aside. The Senator from Minnesota has the floor.

Mr. JOHNSON of Texas subsequently said: Mr. President, will the Senator from Minnesota [Mr. HUMPHREY] yield to me briefly so that conferees may be appointed on the postal-rate bill? I must leave the Chamber, and the Senator from South Carolina [Mr. JOHNSTON] would like to move that conferees be appointed.

Mr. JOHNSTON of South Carolina. Mr. President, I have already moved that the Senate insist upon its amendments, request a conference thereon with the House of Representatives, and that the Chair appoint the conferees on the part of the Senate. I renew my motion.

The motion was agreed to; and the Presiding Officer (Mr. LAUSCHE in the chair) appointed Mr. JOHNSTON of South Carolina, Mr. MONROE, and Mr. CARLSON conferees on the part of the Senate.

EXTENSION OF AGRICULTURAL TRADE DEVELOPMENT AND ASSISTANCE ACT OF 1954

The Senate resumed the consideration of the bill (S. 3420) to extend and amend the Agricultural Trade Development and Assistance Act of 1954.

Mr. HUMPHREY. Mr. President, I wish to direct my attention for a few moments to the full context of S. 3420, to extend and amend the Agricultural Trade Development and Assistance Act of 1954. I also wish to comment upon some of the observations which have been made relating to the bill and the amendments included therein—observations made by my colleagues in the Senate and observations made by the Department of Agriculture in its letter of March 11, signed by Mr. Benson, which letter was referred to in yesterday's debate.

Consistent with our desire to utilize more of our agricultural surpluses, and at the same time spread the benefits of the program to our own country as well as to foreign nations, we found it

necessary to reexamine and restudy certain portions of the law relating to the so-called barter program.

Mr. President, the committee report gives a section-by-section analysis. As I gather, the main area of discussion in the Senate is over the barter provisions. I believe it is pretty well agreed that the other provisions are acceptable and desirable.

There are those who wonder why we should ask for a 2-year extension of the Act. The answer is that the farm organizations which have testified in behalf of the program every year have indicated the desirability of having at least a 2-year authorization, in order to give the Department of Agriculture the flexibility which is needed to enable it properly to administer the law. Many times agreements are in the process of being entered into but are not completed at the end of a fiscal year merely because the authorization was not a continuing one. Then, after Congress has again authorized the program on a year-to-year basis, the negotiations are picked up again and started anew, thereby requiring a considerable loss of time and, at the same time, a loss of markets.

Section 1 provides the authorization on a fiscal year basis of \$1,500 million, a year. That is at the rate the administration is asking for. There is no reason to believe that the program will not be needed for at least another year beyond the present fiscal year. As a matter of fact, it is my belief that Public Law 480 will become a definite part of our overall foreign economic policy and our overall agricultural policy for several years to come. I am convinced in my own mind that, no matter what efforts are made to bring production into balance with demand, such efforts will not be fully successful. Therefore, we will need a constructive outlet for the abundance of our food and fiber.

Very frankly, Mr. President, Public Law 480 is the most constructive agricultural legislation of recent years. It is more than agricultural legislation. It is the beginning of a sound foreign economic policy. It is a vital part of our national security. It represents a new tool in our foreign policy, a new application of the resources of our country to the constructive ends of peace, security, and progress throughout the world.

We propose to amend the law so as to make available some of the foreign currencies generated to provide assistance in the "expansion or operation in foreign countries of established schools, colleges, or universities founded or sponsored by citizens of the United States, for the purpose of enabling such educational institutions to carry on programs of vocational, professional, scientific, technological, or general education; and in the supporting of workshops in American studies or American educational techniques, and supporting chairs in American studies."

Stated in layman's language, the amendment simply provides that when American food is sold to a friendly nation, that part of the proceeds obtained by our Government from the sale of the food may, by agreement, be designated

for educational purposes. For example, some of the great American universities overseas, such as Roberts College, in Turkey, the American University in Beirut, Lebanon, the American University in Cairo, and many other overseas institutions, are desperately in need of additional economic assistance. Since they are located in foreign countries, they can utilize foreign currency.

In countries where sales of American surplus agricultural commodities are made, and foreign currency thereby obtained, we will make available, under the terms of the amendment, a portion of that money to American educational establishments.

In 1953 President Eisenhower suggested in a speech at Baylor University, Waco, Tex., that the United States engage in a program of vocational education and aid to technical schools throughout the world, especially in the underdeveloped areas and among the underprivileged peoples. That was an excellent speech. I checked the CONGRESSIONAL RECORD and found that it was heralded in the Senate. The President received praise for his worthy motives. The only thing is that nothing was ever done about it. This amendment makes it possible to do something about it.

In other words, American wheat can be converted into education; American cotton can be converted into vocational education and technical aid for countries with which the United States has alliances, treaties, mutual-security arrangements, or mutual-assistance pacts, or wherever we believe it would be desirable or helpful to our national defense and foreign policy. I am convinced that the provisions in the bill for the expansion of educational establishments by the use of Public Law 480 funds are highly desirable.

Mr. President, I ask unanimous consent to have printed at this point in the RECORD a telegram I received yesterday from the National Farmers Union, endorsing the extension of Public Law 480 and S. 3420, which is now before the Senate.

There being no objection, the telegram was ordered to be printed in the RECORD, as follows:

WASHINGTON, D. C., March 18, 1958.
HON. HUBERT H. HUMPHREY,
Senate Office Building,
Washington, D. C.:

Over 600 delegates meeting now at National Farmers Union Convention in Denver, unanimously urge your support of Public Law 480 extension, as reported by Senate Agricultural Committee.

JAMES G. PATTON,
President, National Farmers Union.

Mr. HUMPHREY. Mr. President, I shall confine the remainder of my remarks to section 303 of the bill, even though I must say that title I and title II of the bill, the parts which relate to the sales of our surplus commodities for foreign currencies and contributions for famine relief, are undoubtedly the most significant portions of the bill or of the program under Public Law 480.

I also, in particular commend the voluntary agencies of the Nation, both sectarian and nonsectarian, for the wonderful work they have done in sending American food and fiber to needy peoples

Digest of CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF BUDGET AND FINANCE
(For Department Staff Only)

Issued April 18, 1958
For actions of April 17, 1958
85th-2d, No. 59

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HIGHLIGHTS: Senate subcommittee ordered reported agricultural appropriation bill. Senate committee ordered reported area redevelopment bill. Senate referred to Agriculture Committee President's veto message on price support freeze measure. Sen. Johnston urged expanded REA program. House committee approved classified employee pay bill.

HOUSE

1. PAY RAISE. The "Daily Digest" states that the Post Office and Civil Service Committee:

"Approved legislation to provide a 10-percent salary increase for 1,032,236 Federal employees by amending Senate-passed bill S. 734. The salary increase applies to employees in the classified service, Foreign Service, Veterans' Administration Department of Medicine and Surgery, and the legislative and judicial branches. Every employee will receive a 10-percent increase in his present salary. This legislation also authorizes corresponding increases in the salaries of Federal and District of Columbia employees whose rates of compensation are fixed administratively according to law. The salary increases generally will be retroactively effective as of the first pay period which began on or after January 1, 1958. Cost, \$535,848,749 annually." p. D318

The "Daily Digest" also states that conferees met on H. R. 5836, the postal rate and pay increase bill, "but did not reach final agreement, and will meet again on Monday, April 21." p. D319

2. FOREIGN AID. Rep. Gubser spoke in favor of continuing the foreign aid program, stating that "foreign aid is a sound investment on the part of the American people from both a military and an economic point of view." pp. 5980-82
3. TRADE AGREEMENTS. Several Representatives discussed the merits of extending the reciprocal trade program. pp. 5984-6009
4. SMALL BUSINESS. Rep. Patman spoke in favor of legislation to create a Small Business Capital Bank System to aid small businesses and inserted Mass. Governor Furcolo's recent testimony favoring such legislation. pp. 6009-10
5. RECLAMATION. Both Houses received from Interior a copy of the study, "Financial and Economic Analysis, Colorado River Storage Project and Participating Projects, February 1958"; to Interior and Insular Affairs Committee. pp. 5921, 6015
6. LEGISLATIVE PROGRAM. Rep. Albert announced that the consent calendar will be called Mon., Apr. 21. p. 5972
7. ADJOURNED until Mon., Apr. 21. p. 6015

SENATE

8. AGRICULTURAL APPROPRIATION BILL. The Subcommittee ordered reported with amendments H. R. 11767, the agricultural appropriation bill, to the full Appropriation Committee, which is to consider the bill today, Apr. 18. p. D315
9. AREA REDEVELOPMENT. The Banking and Currency Committee ordered reported a clean bill to provide, in HHFA, authorization for designating certain areas as industrial or rural redevelopment areas, with \$100 million in a revolving fund for loans to rural redevelopment areas, and other funds for public facilities grants and technical assistance, and with vocational training and retraining subsistence payments for the unemployed. p. D316
10. PRICE SUPPORTS; ACREAGE ALLOTMENTS; FLOOD CONTROL. The President's veto messages were referred to committees for study and action; S. Res. 162, to prohibit reductions in price supports and acreage allotments, to the Agriculture and Forestry Committee, and S. 497, the rivers and harbors and flood control bill, to the Public Works Committee. Sens. Johnson, Knowland, Thye, Mansfield Ellender, Dirksen, and Proxmire discussed the question of overriding the vetoes and the nature of the economic situation today. pp. 5918-21
11. REA. Sen. Johnston commended the work of REA and urged that its program be expanded to service the growing demand for such facilities which, he stated, "doubled every 5 to 7 years." pp. 5946-7
12. SCHOOL LUNCH. Sen. Proxmire urged an expanded school lunch program to give adequate food to children and dispose of our over-abundant supplies. He inserted a review of the school lunch program from a labor magazine. pp. 5959-60
13. COUNTRY LIFE. Sen. Aiken's name was added as a cosponsor of S. 3596, to establish a Country Life Commission. p. 5924
14. POULTRY INSPECTION. Sen. Murray commended the poultry inspection law and inserted a statement on local laws and ordinances by the Public Health Ass'n. pp. 5938-41

SMALL-BUSINESS FINANCING

Select Committee on Small Business: Continued executive hearings with members of the Federal Reserve Board on problems of small-business financing. Adjourned subject to call of the Chair.

Joint Committee Meetings

INFORMATION EXCHANGE

Joint Committee on Atomic Energy: Subcommittee on Agreements for Cooperation resumed its hearings on S. 3474 and H. R. 11426, exchange of information and materials with allied nations, with testimony from

Lewis L. Strauss, Chairman, Atomic Energy Commission, and Thomas E. Murray, a consultant to the committee.

Hearings were recessed subject to call.

POSTAL RATES

Conferees, met in executive session to resolve the differences between the Senate- and House-passed versions of H. R. 5836, to readjust postal rates and to establish a congressional policy for the determination of postal rates, but did not reach final agreement, and will meet again on Monday, April 21.

CONGRESSIONAL PROGRAM AHEAD

Week of April 21-26

(Committee meetings are open unless otherwise indicated)

Senate Chamber

For listing of bills scheduled for consideration, see this issue of DIGEST under Senate Chamber, item headed "Legislative Program."

Pages 5947-5948

Senate Committees

Committee on Agriculture and Forestry: April 21, executive, on S. 1356, relating to monopolistic practices in the meat industry, 1:30 p. m., room F-41, Capitol.

Committee on Appropriations: April 21 through 23, subcommittee, on fiscal 1959 budget estimates for public works, 10 a. m., room F-39, Capitol;

April 22, subcommittee, on H. R. 11645, Labor-HEW appropriations, 10 a. m., room F-82, Capitol;

April 24 and 25, subcommittee, on fiscal 1959 budget estimates for the State Department, Thursday to hear Secretary of State Dulles, 10 a. m., room F-39, Capitol.

Committee on Armed Services: April 21, Military Pay Subcommittee, executive, on pending military pay legislation, 2:30 p. m., 212 Senate Office Building.

Committee on Banking and Currency: April 21, Subcommittee on Small Business, to begin hearings on small business financing legislation (S. 2160, 2185, 2286, 3191, and a committee print), 10 a. m., 301 Senate Office Building.

Committee on the District of Columbia: April 21, Subcommittee on Public Health, Education, Welfare, and Safety, on S. 1214, 2419, and 3493, D. C. unemployment compensation bills, 10 a. m., room P-38, Capitol.

Committee on Finance: April 22 through 24, to continue hearings on financial investigation, Tuesday and Wednesday to hear William McC. Martin, Jr., Chairman of the Board of Governors of the Federal Reserve System, and Thursday to hear Dr. Seymour Harris, department of economics, Harvard University, 10 a. m., 312 Senate Office Building.

Committee on Foreign Relations: April 22, executive, on committee business, 10:30 a. m., room F-53, Capitol.

Committee on Interior and Insular Affairs: April 21 through 23, on upper Columbia River Basin development, 10 a. m., 224 Senate Office Building;

April 24, Irrigation and Reclamation Subcommittee, executive, on several pending matters, including saline water conversion bills, accelerated reclamation program, and San Luis unit project, 10 a. m., 224 Senate Office Building;

April 25, Subcommittee on Territories and Insular Affairs, on miscellaneous pending bills, 10 a. m., 224 Senate Office Building.

Committee on Interstate and Foreign Commerce: April 21, subcommittee, on S. 3500, auto marketing bill, 10 a. m., room G-16, Capitol;

April 22 and 23, on S. 582, liquor advertising bill, 10 a. m., 318 Senate Office Building;

April 24 and 25, on S. 2119, utilization of TV facilities in public schools and colleges, 10:30 a. m., room G-16, Capitol.

Committee on the Judiciary: April 21, subcommittee, on the nominations of Mendon Morrill, to be U. S. district judge for New Jersey, and Edwin D. Steel, Jr., to be U. S. district judge for Delaware, 10 a. m., 424 Senate Office Building;

April 21, full committee, executive, committee business, 10:30 a. m., 424 Senate Office Building;

April 23 through 25, Subcommittee on Patents, Trademarks, and Copyrights, on S. 1870, to amend the U. S. Code with regard to rendition of musical compositions on coin-operated machines, 10 a. m., 424 Senate Office Building.

Committee on Public Works: April 22, Subcommittee on Buildings and Grounds, on S. 1985, relating to the construction of a national air museum building, and S. 3335, relating to the construction of a national capital center of the performing arts, 10 a. m., 412 Senate Office Building.

Committee on Rules and Administration: April 23, executive, on committee business, 10 a. m., 104-B Senate Office Building.

House Chamber

On Monday after calling the Consent Calendar the House will act on the following two bills under suspension of the rules:

H. R. 11668, to amend section 39 of the Trading With the Enemy Act of October 6, 1917, as amended; and

H. R. 11414, relating to grants-in-aid for institutions which provide training and services in public health.

On Tuesday the House will consider H. R. 912, to amend the Navy ration statute so as to provide for the serving of oleomargarine or margarine (1 hour of debate).

NOTE.—Conference reports may be brought up at any time.

House Committees

Committee on Agriculture: April 22, Consumer Study Subcommittee, executive, on various food stamp bills.

April 22, 23, 24, 25, Subcommittee on Wheat on various price support bills.

Committee on Armed Services: April 22, on Defense Department reorganization. Secretary of Defense to be heard.

Committee on Banking and Currency: April 21 and balance of week, to hear State governors on legislative means of relieving unemployment. The Governor of New York to be heard on Monday, 10 a. m., 1301 New House Office Building.

Committee on Education and Labor: April 21, 22, 23, Subcommittee on General Education on pending legislation, 10 a. m., 429 Old House Office Building.

April 22, 23, 24, Subcommittee on Safety and Compensation on bills relating to problems of aged and aging.

April 22, 23, Subcommittee on Special Education on defense education bill, executive.

April 24, full committee, pending legislation.

Committee on Foreign Affairs: April 22, executive, on markup of mutual security bill.

Committee on Government Operations: April 22, 23, 24, Subcommittee on Intergovernmental Relations.

April 23, 24, Subcommittee on General Government Activities on pending matters.

Committee on Interior and Insular Affairs: April 21, 22, Subcommittee on Indian Affairs on H. R. 6090, 7241, 10890, 4005, S. 1472, S. 326, 10 a. m., 1324 New House Office Building.

April 23, full committee on H. R. 7790 and 9856.

April 24, 25, Subcommittee on Irrigation and Reclamation on S. 847, 2557, 2813, H. R. 3401, 5543, and 8890.

Committee on Interstate and Foreign Commerce: April 21, executive, on railroad employee unemployment insurance compensation, 10 a. m., 1334 New House Office Building.

Subcommittee on Health and Science on H. R. 9521, to amend Food and Drug Act relative to definition of "chemical preservative," 2:30 p. m., 1334 New House Office Building.

April 22, Subcommittee on Transportation and Communica-

tions on S. 1380 and 1749, and H. R. 8703, relating to security provisions of the Civil Aeronautics Act.

April 22, 23, Subcommittee on Health and Science on H. R. 6874, 6875, 7841, and 11913, re grants for research, medical facilities, and construction.

April 24, Subcommittee on Health and Science on H. R. 9521.

April 23, 24, 25, Subcommittee on Transportation and Communication on H. R. 5823, to amend section 203 (b) of the Interstate Commerce Act re agricultural exemption.

Committee on the Judiciary: April 22, 24, full committee, executive session.

April 22, 23, 24, Antitrust Subcommittee on A. T. & T. consent decree.

April 23, Subcommittee No. 2, hearing and executive session on private claim bills.

April 25, Subcommittee No. 3 on H. J. Res. 454, relating to Government and employee's rights in inventions.

April 25, Subcommittee No. 4 on H. R. 8252, to define the place at which certain offenses against the income tax laws take place.

Committee on Rules: April 24, to consider granting of a rule on H. R. 7999, Alaska statehood bill.

Committee on Veterans' Affairs: April 22, executive, to meet with Administrator of Veterans' Affairs.

Select Committee on Small Business: April 21, 22, 24, special subcommittee in hearings on price discrimination in dairy products, 10 a. m., 429 Old House Office Building.

April 23, will meet in executive session on above-named subject.

Joint Committee

Conferees: April 21, executive, on H. R. 5836, to readjust postal rates and to establish a congressional policy for the determination of postal rates, 3 p. m., room unannounced.

COMMITTEE MEETINGS FOR FRIDAY, APRIL 18

(All meetings are open unless otherwise designated)

Senate

Committee on Appropriations, executive, on H. R. 11767, fiscal 1959 appropriations for the Department of Agriculture, 11 a. m., room F-37, Capitol;

Subcommittee, on fiscal 1959 budget estimates for public works, 10 a. m., room F-39, Capitol.

Committee on Finance, to continue hearings on financial investigation, 10 a. m., 312 Senate Office Building.

Committee on Interior and Insular Affairs, Public Lands Subcommittee, on S. 3371, to increase from 20 to 30 years the period for which concessionaire leases may be granted under the National Park Service Act, 10 a. m., 224 Senate Office Building.

Committee on Interstate and Foreign Commerce, Surface Transportation Subcommittee, executive, to consider several legislative proposals resulting from the recent hearings on the railroad situation, 12 noon, room G-16, Capitol.

Select Committee on Improper Activities in the Labor or Management Field, on activities of the International Brotherhood of Teamsters in the Philadelphia area, 10:30 a. m., 318 Senate Office Building.

House

Committee on Agriculture, Subcommittee on Cotton to hear further testimony from the American Farm Bureau Federation, 10 a. m., 1310 New House Office Building.

Committee on Armed Services, Subcommittee on Real Estate and Construction, executive, various real-estate and housing projects, 9 a. m., 313-A Old House Office Building.

Special Subcommittee No. 4, executive, phase 2, national defense inquiry, 10 a. m., 313-A Old House Office Building.

Special Subcommittee No. 6, executive, phase 2, national defense inquiry, 304 Old House Office Building.

Committee on Banking and Currency, to hear Governor of Tennessee on legislation to relieve unemployment, 10 a. m., 1301 New House Office Building.

Committee on Education and Labor, Subcommittee on Labor Standards to hear Puerto Rico secretary of labor, 10 a. m., 429 Old House Office Building.

Committee on Government Operations, Subcommittee on Public Works and Resources to review progress of saline water conversion program, 10 a. m., 1501 New House Office Building.

Committee on House Administration, Subcommittee on Elections in Oliver-Hale contest, First Congressional District, Maine, 10 a. m., executive; 10:30 a. m., open, G-53 Capitol Building.

Committee on Interior and Insular Affairs, Subcommittee on Public Lands on pending bills, 10 a. m., 1324 New House Office Building.

Committee on Interstate and Foreign Commerce, Subcommittee on Health and Science on bills to provide for certain milk sanitation standards, 10 a. m., 1334 New House Office Building.

Subcommittee on Transportation and Communications on H. R. 6312, to amend Civil Aeronautics Act relative to terms of office of CAB members, and other bills, 10 a. m., 1333 New House Office Building.

Committee on Rules, to consider granting of a rule on the following bills:

H. R. 11378, Federal aid for schools in federally impacted areas;

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Digest of CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF BUDGET AND FINANCE
(For Department Staff Only)

Issued April 24, 1958
For actions of April 23, 1958
85th-2d, No. 62

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HIGHLIGHTS; Sen. Talmadge and others criticized farm program and urged compensatory payments program. House subcommittee ordered reported bill to provide reimbursement for appeal inspections under Grain Standards Act. Sen. Douglas and others introduced and discussed distressed areas bill.

HOUSE

1. GRAIN STANDARDS; LIVESTOCK DISEASES. A subcommittee of the Agriculture Committee ordered reported S. 2007, with amendment, to amend the Grain Standards Act to permit the collection of charges to reimburse the Department for overtime, travel, and certain other costs in connection with handling appeal inspections, and H. R. 12126, to "provide further protection against the introduction and dissemination of livestock diseases." The latter bill was introduced earlier in the day. p. D339
2. PERSONNEL. A subcommittee of the Government Operations Committee ordered reported with amendment H. R. 11133, to amend the Administrative Expenses Act so as to provide for the payment of travel costs for certain Federal personnel appointments to areas in which the CSC has determined there is a manpower shortage. p. D340
3. SCHOOL AID. Passed with amendments H. R. 11378, to make permanent the programs providing financial assistance in the construction and operation of schools in areas affected by Federal activities, insofar as such programs relate to

children of persons who reside and work on Federal property, and to extend such programs until June 30, 1961, insofar as such programs relate to other children. pp. 6320-57

4. ACREAGE ALLOTMENTS. Rep. Hemphill spoke in favor of legislation to permit farmers "to sell to any other farmer, on such terms as the parties agreed upon, his acreage allotment and marketing quota,; and explained the purpose of a bill, H. R. 12074, he had introduced to permit such sales of allotments. p. 6319
5. FARM INCOME. Rep. Hill inserted the April 22 release of the Department discussing the current farm income situation. pp. 6319-20
6. POSTAL RATES; PERSONNEL. The "Daily Digest" states that the conferees on H. R. 5836, the postal rates and pay bill, announced the following actions: "(1) agreed upon a 7½ percent increase for postal workers in all grades except 20, and a temporary cost-of-living increase of 2½ percent for grades 1 through 6, and 1½ percent for grade 7 -- for a total cost of \$257 million, and (2) agreed upon a 4-cent first-class stamp. Conferees will continue consideration of this bill tomorrow." p. D341
7. RECLAMATION. Passed as reported S. 1031, to authorize the Interior Department to construct, operate, and maintain four irrigation units of the Greater Wenatchee division, Chief Joseph project, Wash. pp. 6357-59
8. SMALL BUSINESS. Rep. Evins spoke in favor of additional aid for small businesses. p. 6359
9. SURPLUS COMMODITIES. Received a Mass. Legislature memorial urging that surplus farm products be made available to correctional institutions. p. 6385

SENATE

10. FARM PROGRAM. Sen. Talmadge criticized the present farm program as a "failure" and urged that a compensatory payments system similar to that for wool be adopted for all basic commodities. Sens. Proxmire, Stennis, Johnston, Clark, and Yarborough commended the objectives of the proposal and discussed certain aspects of it. pp. 6248-51
Sen. Yarborough commended the "diligence and ability" of Sen. Proxmire and congratulated him on his appointment to the Agriculture and Forestry Committee. p. 6251
11. SURPLUS COMMODITIES; FOREIGN AID. Sen. Humphrey urged the use of food abundance as a weapon in foreign affairs, inserted an editorial, "Our Farm Surplus Could Be An Asset In The Cold War," and urged early action on extension of Public Law 480. p. 6258
12. ISRAEL. Sen. Neuberger inserted Secretary Benson's speech to the America-Israel Society, on the growth of Israel and the gains in food productivity there. pp. 6233-4
13. PRICE SUPPORT FREEZE. Sen. Humphrey inserted an editorial, "Thoughts on Farmer Thaw Versus Freeze," analyzing the President's veto message on the farm price support and acreage allotment freeze measure. pp. 6258-9

MEDICAL GRANTS

Committee on Interstate and Foreign Commerce: Subcommittee on Health and Science continued hearings on H. R. 6874, 6875, 7841, and 11913, re grants for medical and dental research and facilities. Testimony was received from representatives of the Public Health Service, Department of Health, Education, and Welfare; and public witnesses. Adjourned subject to call of the Chair.

A. T. & T. CONSENT DECREE

Committee on the Judiciary: Antitrust Subcommittee continued hearings on the consent decree involving the American Telephone & Telegraph Co. Testimony was received from the general counsel of A. T. & T. and hearings continue tomorrow.

PRIVATE CLAIMS

Committee on the Judiciary: Subcommittee No. 2 held hearing on various private claim bills.

SAFETY OF LIFE AT SEA

Committee on Merchant Marine and Fisheries: In executive session adopted interim report, Safety of Life at Sea, and also considered but took no final action on H. R. 2229, to provide for utilization of commercial marine terminal facilities by the United States.

SPACE EXPLORATION

Select Committee on Astronautics and Space Exploration: Continued hearings relative to space exploration and related matters. Testimony was received from Government witnesses. Hearings continue tomorrow.

COMMITTEE MEETINGS FOR THURSDAY,
APRIL 24

(All meetings are open unless otherwise designated)

Senate

Committee on Appropriations, subcommittee, executive, to mark up H. R. 10746, Interior Department appropriations for fiscal 1959, 10 a. m., room F-37, Capitol;

Subcommittee, on fiscal 1959 budget estimates for public works, 10:30 a. m., room F-39, Capitol.

Committee on Armed Services, Military Pay Subcommittee, executive, on H. R. 11470, military pay bill, 9:30 a. m., 212 Senate Office Building;

Full committee, executive, on H. R. 11470; S. 1225, congressional medals of honor for chaplains for the U. S. S. *Dorchester*; and nominations, 10:30 a. m., 212 Senate Office Building.

Committee on Banking and Currency, Subcommittee on Small Business, on pending small-business financing legislation, 10 a. m., 301 Senate Office Building.

Committee on Finance, to continue financial investigation hearings, 10 a. m., 312 Senate Office Building.

Committee on Interior and Insular Affairs, on upper Columbia River development, 10:30 a. m., 412 Senate Office Building;

Irrigation and Reclamation Subcommittee, executive, on several pending matters, including saline water conversion bills, accelerated reclamation program, and San Luis unit project, 10 a. m., 224 Senate Office Building.

Joint Committee Meetings

D. C. WATER POLLUTION PROBLEMS

Joint Committee on Washington Metropolitan Problems: Committee continued its hearings on water pollution problems in the Washington metropolitan area, with testimony from numerous witnesses representing interested organizations.

Hearings continue Friday, April 25.

POSTAL PAY AND POSTAL RATES

Conferees continued, in executive session, to resolve the differences between the Senate- and House-passed versions of H. R. 5836, to readjust postal rates and to establish a congressional policy for the determination of postal rates, and announced the following actions: (1) agreed upon a 7½ percent increase for postal workers in all grades except grade 20, and a temporary cost-of-living increase of 2½ percent for grades 1 through 6, and 1½ percent for grade 7—for a total cost of \$257 million, and (2) agreed upon a 4-cent first-class stamp. Conferees will continue consideration of this bill tomorrow.

D. C. FISCAL AFFAIRS

Joint meeting: Subcommittees on Fiscal Affairs of the Senate and House Committees on the District of Columbia, in a joint executive session, agreed to report to their full committees, respectively, S. J. Res. 155 and H. J. Res. 563, relating to funds for improving and maintaining the Nation's Capital City. As approved, the bills would provide authority to borrow \$105,800,300 for a D. C. public works program for a 6-year period.

Committee on Interstate and Foreign Commerce, on S. 2119, utilization of TV facilities in public schools and colleges, 10:30 a. m., room G-16, Capitol;

Subcommittee, on S. 3500, auto marketing bill, 2 p. m., room F-41, Capitol.

Committee on the Judiciary, Subcommittee on Patents, Trademarks, and Copyrights, on S. 1870, to amend the U. S. Code with regard to the rendition of musical compositions on coin-operated machines, 9:30 a. m., 424 Senate Office Building;

Antitrust and Monopoly Subcommittee, on several bills to amend the Clayton Act with regard to prior notification of corporate mergers, 10 a. m., 155 Senate Office Building.

House

Committee on Agriculture, Subcommittee on Wheat on various price support bills, 10 a. m., 1310 New House Office Building.

Subcommittee on Cotton, executive, 10 a. m., 1308 New House Office Building.

Committee on Armed Services, on Defense Department reorganization, 2 p. m., 313-A Old House Office Building.

Committee on Education and Labor, on pending legislation, to be followed by executive meeting of Subcommittees on Special and General Education on defense education bill, and Subcommittee on Safety and Compensation on problems of aged and aging citizens, 10 a. m., 429 Old House Office Building.

Committee on Foreign Affairs, executive, continuing markup on mutual security draft bill, 10:30 a. m., G-3 Capitol Building.

Committee on Government Operations, Subcommittee on General Government Activities on operation of Government nickel plant, Nicaro, Cuba, 10 a. m., 1302 New House Office Building.

Committee on Interior and Insular Affairs, Subcommittee on Irrigation and Reclamation on pending bills, 10 a. m., 1324 New House Office Building.

Committee on Interstate and Foreign Commerce, Subcommittee on Legislative Oversight on FCC patent policy, 10:30 a. m., Caucus Room, Old House Office Building.

Subcommittee on Transportation and Communications on H. R. 5823, to exempt motor vehicles used in carrying livestock from certain provisions of the ICC Act, 10 a. m., 1334 New House Office Building.

Subcommittee on Health and Science on H. R. 9521, to amend Food and Drug Act relative to definition of "chemical preservative," 10 a. m., 1333 New House Office Building.

Committee on the Judiciary, Antitrust Subcommittee on A. T. & T. consent decree, 10 a. m., 346 Old House Office Building.

Subcommittee No. 1, executive, 10 a. m., 327 Old House Office Building.

Subcommittee No. 2, executive, 10 a. m., 327-A Old House Office Building.

Committee on Rules, to consider granting of a rule on H. R. 7999, Alaska statehood bill, 10:30 a. m., G-12 Capitol Building, and at 2 p. m., will consider rule on H. R. 12065, to provide for an emergency extension of Federal unemployment compensation benefits.

Committee on Ways and Means, executive, on reciprocal trade agreements act extension, 10 a. m., Committee Room, New House Office Building.

Select Committee on Astronautics and Space Exploration, on space exploration and related matters, 10 a. m., 356 Old House Office Building.

Select Committee on Small Business, special subcommittee on discrimination in dairy products, 10 a. m., 445 Old House Office Building.

Joint Committee

Conferees, executive, on H. R. 5836, postal rates, 2 p. m., room F-82, Capitol.

History of the City of New York

The history of the City of New York is a story of growth and change. From its beginnings as a small Dutch settlement, it has become one of the most important cities in the world. The city's location on the Hudson River and its access to the sea were key factors in its development. The Dutch, who first settled the area in 1614, established a trading post and a small community. The English took over the city in 1664, and it became the capital of the New York colony. The city's population grew rapidly, and it became a center of commerce and industry. The American Revolution began in the city, and it played a key role in the struggle for independence. After the war, the city continued to grow and develop, and it became one of the most important cities in the United States. The city's history is a testament to its resilience and its ability to adapt to change.

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Digest of CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF BUDGET AND FINANCE
(For Department Staff Only)

Issued May 15, 1958
For actions of May 14, 1958
85th-2d, No. 76

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HIGHLIGHTS: House passed mutual security authorization bill. Senate committee ordered reported bill to amend Federal Seed Act. Senate made Packers and Stockyards bill unfinished business.

SENATE

1. THE AGRICULTURE AND FORESTRY COMMITTEE ordered reported the following bills: S. 1939, without amendment, to amend the Federal Seed Act; S. 3076, without amendment, to authorize the transportation in the U. S. of live foot-and-mouth disease virus for research purposes; S. 3478, without amendment, to insure the maintenance of an adequate supply of anti-hog-cholera serum and hog-cholera virus; H. R. 6765, without amendment, to repeal the prohibition against cotton acreage reports based on farmers' planting intentions; H. R. 8490, with amendment, to make two technical adjustments in the law relating to rice acreage allotments, to provide for reassignment of such allotments when the land on which the allotment has previously been made is taken for public purposes, and to increase marketing quota penalties; and a clean bill in lieu of S. 672 and S. 2490, providing for the control of noxious weeds on Federal lands. pp. D413-14
2. WATERSHEDS. The Agriculture and Forestry Committee approved the following watershed projects: Ellison Creek, Miss., Little Pudding River, Oreg., Little Tallapoosa River, Ga., Mud Creek, N. C., Prairie Creek, Inc., and Swan-Buffalo Creek, N. C. p. D414

3. NOMINATIONS. The Agriculture and Forestry Committee reported the nominations of Marvin J. Briggs, of Ind., and Frank Stubbs, of Tex., to be members of the Federal Farm Credit Board. p. 7748
4. TEXTILES; WILDLIFE. The Interstate and Foreign Commerce Committee ordered reported with amendments H. R. 469, to provide protection of the public against misbranding and false advertising of the fiber content of textile fiber products, and S. 2447, to authorize studies of the effects of insecticides upon fish and wildlife. p. D414
5. CCC. Received from the Comptroller General an audit report on the Commodity Credit Corporation for fiscal 1957. p. 7733
6. EDUCATION. Both Houses received from HEW a proposed bill to "facilitate administration of the act authorizing cooperative research in education"; to H. Education and Labor and S. Labor and Public Welfare Committees. pp. 7733, 7853
7. TAXES. The Judiciary Committee reported with amendment S. 586, to extend the time for filing of claims under sec. 6420 of the Internal Revenue Code of 1954 for refund of taxes on gasoline used on farms between Jan. 1, 1956 and June 30, 1956 (S. Rept. 1577). p. 7737
8. STATEHOOD. Sen. Yarborough inserted a newspaper editorial urging statehood for Alaska, "The Case for Alaska: Reasons for Granting Statehood Summarized." p. 7743
9. FOREIGN TRADE. Sens. Wiley and Smathers spoke in favor of an expanded trade program between the U. S. and Latin America. pp. 7747, 7775-80
10. HUMANE SLAUGHTER. Sen. Neuberger inserted a release urging the use of humane methods in the slaughter of animals, "Protestants, Catholics Ask More Humane Animal Slaughtering." pp. 7765-66
11. POSTAL RATES. Sen. Johnston announced that "conferees on the postal rate and pay bill (H. R. 5836) have today completed their work, and we hope to have the report drafted and submitted to the Senate Monday." p. 7780
12. MEATPACKERS. S. 1356, to transfer certain functions under the Packers and Stockyards Act from this Department to the Federal Trade Commission, was made the unfinished business. p. 7795

HOUSE

13. FOREIGN AID. Passed, 259 to 134, with amendments, H. R. 12181, to extend the mutual security program. pp. 7796-7842
Agreed to an amendment by Rep. Feighan to provide that no assistance under the act shall be furnished to Yugoslavia unless the President reports his reasons therefor to Congress. pp. 7796-97
Rejected, 34 to 58, an amendment by Rep. Bentley which he stated would have provided "that the dollars loaned to a foreign government or to individuals under the revisions of title II, the Development Loan Fund, would have to be spent inside the United States, unless the delivered price of these commodities for the purchase of which the loan funds would be used exceeds 15 percent of a delivered price from foreign sources, unless these commodities are not available." pp. 7804-05

times over the money which we will have invested.

How will such a program of student exchange benefit our respective countries? First, there is no better way to spread the truth about our implementation of the democratic way of life. There is a force abroad today that is concentrating most of its efforts on an attempt to prove to the world that the democratic way of life is outmoded. Communism has seized the initiative—political, economic, and ideological—by launching a program designed to isolate us, one by one, from countries which formerly looked to us for leadership.

In the face of this challenge to a political theory that recognizes the rights and dignity of the individual man, we dare not procrastinate.

The basis for cooperative efforts to raise the standards of living in all of Latin America will be extended as the educational levels are raised to a point where a larger number of people can function more actively and intelligently as citizens.

This program of educational exchange will help to make known to the peoples of the American Republics the superior advantages of the democratic way of life.

I am convinced that an adequate and effective student exchange program, such as I propose, is a worthwhile undertaking and will benefit us in many ways. Taking the long-term view, students participating in such a plan will raise the educational level of their home country. An increase in trained and literate manpower will entail a rise in the standard of living and an increase in the purchasing power of all the Americas. This, in turn, will create new markets for the expanded economy of all the nations of the Western Hemisphere.

It is difficult for us to recognize the tremendous zest for the same freedoms that motivates much of the political activity of our Latin American neighbors until we have read of Hidalgo, Juarez, Moreno, Bolivar, and O'Higgins.

An exchange program such as I propose will ultimately bring about a keener appreciation of the great similarities among our countries—republics that have sprung up side by side with the United States, sharing the periods of colonialism, revolution, political awakening and, now, of industrialization.

I might say at this point that I have just finished reading a wonderful book on the life of that great liberator of South America, Simon Bolivar. The amazing fact of his life story is the tremendous inspiration and ideas Bolivar derived from traveling in the United States. It was his visit to the United States and his studies here which gave him the idea of throwing off the yoke of Spain in his native country of Venezuela and then in New Granada, as it was then called but which today includes Colombia, Ecuador, and some of the other South American countries. The ideas which were held by our revolutionary fathers are the same ideas which were picked up by men like Simon Bolivar of Venezuela; San Martin, of Argentina, who led the revolution at home, and

then carried it from Argentina into Chile and up into Peru. These men got their basic inspiration from what had been done here in the United States.

Although the materialistic advantages to be gained by the countries involved in an educational exchange program are important, particularly when it is realized that it is through this means that the standards of living will be raised, we would do well to think of the gains in terms of better understanding.

International problems and policies are rooted in national ideals, customs, traditions, and philosophies. These problems can be solved only by mutual appreciation of these fundamentals and mutual respect for differences as well as similarities. This being so, another result of the proposed bill would be to strengthen inter-American solidarity and to develop the social as well as the economic well-being of the Americas.

The Latin Americans are our staunch friends. Linked by tradition, bound by common interests and historical ties, we have served each other well in the past, and I hope that that will also be true in the future.

The democracies that exist in Latin America are a tribute—in large part—to our examples and good offices. The continuing urge for representative government in every land of the South is a reflection of our traditions.

In addition to furnishing us with needed raw materials, the Latin American Republics' responses to America's needs in other ways are well remembered.

In World War II, Latin American Republics supplied us with needed bases and guarded our sea lanes. Brazil and Mexico contributed fighting forces. During the Korean war, Colombia's troops joined our own.

That is the area where our Vice President visited the other day and in some instances did not get such a happy reception. However, they did stand by us during the Korean war. They sent a battalion of troops to join us in Korea.

In the United Nations, the Republics of Latin America present a solid front with the other democracies.

A unified cooperation for defense of the hemisphere is carried out by all the American Republics through the Inter-American Defense Board.

Yet, if we again fail to recognize the danger signals—which now sound more ominously—the Communists can exploit and widen an already disturbing foothold in Latin America.

An apathetic policy on our part can eventually threaten the loss of all Latin America to the Communists.

Without doubt many of the problems of the Latin American countries are problems of their own making. While it is true that they must extend an all-out effort to solve their problems, we must at all times be ready, willing, and able effectively to assist them in the solution of these problems. Too long have we adopted an attitude of indifference in taking their loyalty and good will for granted. We have showered them with words of encouragement but have failed to give sufficient attention and effective help to their cries for as-

sistance in the solution of their problems. As a result, we have unconsciously created a situation in which communism can flourish.

Just to pinpoint the attitude that we have expressed toward Latin America, let us examine our foreign aid program.

In the postwar period that is, from July 1, 1945, through September 30, 1957—total United States assistance on a world-wide basis amounted to some \$60.9 billion. Of that amount, the 20 Latin American Republics received \$1.6 billion, or only 2.6 percent of the total. Even if all military assistance, a preponderant item in Europe and the Far East, is excluded from the count, for the same period Latin America's portion of United States grants and credits amounted to \$1.5 billion of a world total \$40.3 billion, or only 3.1 percent.

This year, as in the past, the administration's request for Latin America amounts to a small portion of the total economic aid program. Of a total request for \$3.9 billion for foreign aid, we are being asked for some \$1.2 billion for regional assistance, excluding military aid. Of this amount, Latin America's share is set at \$59.5 million, or 5 percent. Is 5 percent a reasonable consideration of the needs of Latin America? I think not.

The United States can certainly not be held accountable for many of the variety of ills—economic, political, social—which beset the Latin American nations.

But we do owe a leadership to those who seek us as their leader. We must offer effective assistance in the battle to halt Communist encroachment into the free world. It must of necessity be a program of vision and positive action boldly and courageously carried out.

Mr. President, it took dramatic incidents to focus attention not only on some of the larger problems which confront us, but also some of the others. It took Sputnik I to alert us to the fact that we were falling behind the Soviet Union in the development of guided missiles and scientific know-how. In many ways, sputnik has become a great ally of ours. I think the Senator from Maine [Mr. PAYNE] will agree with me that possibly one of the best things which could have happened to us last year, so long as we were actually behind in missile development, was to have Russia set off Sputniks I and II. It made us aware of the fact that Russia was ahead, and advised us that we must improve our position.

While I would not wish to characterize the Vice President of the United States as a sputnik, nevertheless I feel that he is accomplishing for us in Latin America the same good which sputnik accomplished throughout the world. The Vice President, because of what happened on his trip, is alerting us to the urgent necessity of focusing our attention on the fact that South America is another area in which our efforts are falling behind; an area in which we thought we were ahead; an area which we were believing all the bromides and all the nice things it was said we were doing, when in fact we were not doing them and did not

have the standing in South America which, in many instances, some of our leaders said we had.

I congratulate the Vice President on his conduct during his very trying experiences. I think he acted with great dignity and courage in carrying out the duties and responsibilities of his high office. His conduct was exemplary.

I did not approve yesterday, and certainly upon reflection I do not approve today, of the suggestion that the United States send marines or rangers to that area. To make such a suggestion plays right into the hands of the Communist propagandists, who are already charging us with being Yankee materialists and who are awaiting an opportunity to take over those countries. It is clear, as the situation has developed today, that the Venezuelan Government is now in charge of the situation; that except for the immediate riot, which occurred as the Vice President rode from the airport to the Embassy, there has been no further threat of physical danger to the Vice President or his lovely wife, the very charming Pat Nixon.

Since the Vice President and his party planned to leave for home tonight anyway, it would have been much simpler had they packed their suitcases and departed, rather than to have the United States Government take the unheard of and unnecessary action which might have cut off from us permanently 180 million people in one of the richest areas of the entire world, the South American continent. It seemed to me to be unwise even to talk about it. I am delighted that no further action has been taken in that respect.

I think we all applaud the Vice President. The service he has rendered will long be remembered. I am certain he has had an experience which he will long remember, possibly not with the pleasantness with which he would like to remember it. Nevertheless, I have the feeling that the Vice President's experience will result, as these things frequently do, to our benefit, because it will show us the importance and the urgency of improving our relationships with the Latin countries to the south of us, and will encourage us to embark upon a realistic program to tie them closer to us.

Mr. PAYNE. Mr. President, will the Senator yield?

Mr. SMATHERS. I am happy to yield.

Mr. PAYNE. I have listened with great interest to the very constructive speech delivered by the distinguished Senator from Florida concerning the South American situation. I would not want to say that I am in complete and full agreement with every statement he has made. But I may say that in much of what he said particularly in the earlier part of his speech, he has emphasized subjects which certainly deserve the earnest and full consideration of Members of Congress in trying to reach solutions which can be of lasting benefit to this Nation and to the nations he has mentioned which are involved.

Since coming to the Senate, I have had occasion to listen annually, and sometimes more often each year, to equally constructive statements by the Senator from Florida on the very same

subject. What he has said today demonstrates very readily his knowledge of the situation and shows the deep study he has given to the subject which has resulted in the very constructive suggestions he has offered and which, indeed, deserve the consideration of everyone.

Mr. SMATHERS. I thank the able Senator from Maine, my very good friend. Coming from a man of his qualifications and capability, the remarks which he has made are all the more appreciated by me.

The PRESIDING OFFICER. The bill will be received and appropriately referred.

The bill (S. 3812) to establish an effective student exchange program with Latin American countries, and for other purposes, introduced by Mr. SMATHERS, was received, read twice by its title, and referred to the Committee on Foreign Relations.

UNITED STATES FIRMS WHICH RECEIVED ORDERS FINANCED BY FOREIGN-AID FUNDS

Mr. DOUGLAS. Mr. President, recently I requested that the International Cooperation Administration supply me with a listing, by States, of individual American firms which had received orders which were financed by foreign-aid funds. I also requested the dollar volume of those orders.

The ICA has now sent to me a listing, by States, of these individual firms, their locations, and the dollar volume of foreign-aid-financed business which each had received. The report is 151 pages long. The report reveals that over \$2 billion worth of orders for nonmilitary commodities alone were filled by American business and exporting firms under the United States foreign-aid program during the 3½-year period which ended in June 1957. Almost \$78 million of this total was spent in Illinois. These facts should end, once and for all, the cry of "giveaway," for domestic firms in virtually every corner of the United States have benefited from the program. The report does not include expenditures for direct military assistance.

Direct military assistance, which accounts for at least half of all mutual security outlays, is separately administered by the Department of Defense. The report also does not include funds spent for technical assistance, since the point 4 portion of the mutual security program involves only minor expenditures for procurement.

The manufacturers and merchant exporters in the city of Chicago supplied nearly \$60 million worth of the Illinois commodities which were financed by foreign-aid funds. Although the report does not specify the kinds of supplies purchased from these sources, examination of the company names indicates that the items range from seed and farm products to agricultural and industrial machinery. Since Chicago is a port and a railways terminal city, dozens of concerns listed in the Chicago area are, in fact, shipping goods which are produced, at least in part, in inland cities and towns.

Contracts for the remaining \$18 million spent in Illinois went to firms located in some 40 different cities throughout the State. Those cities outside Chicago in which foreign-aid-contract orders were filled include: Augusta, Aurora, Barrington, Brookfield, Champaign, Freeport, Danville, Decatur, Des Plaines, Evanston, East Moline, Elgin, Franklin Park, Greenville, Hamilton, Harvey, Joliet, Kenilworth, Kewanee, LaSalle, Maywood, Melrose Park, Mendota, Moline, Mount Carmel, O'Fallon, Oregon, Peoria, Quincy, Roanoke, Rockford, St. Charles, Skokie, South Beloit, Springfield, Sycamore, Urbana, Villa Park, Waukegan, Wheaton, and Wilmette.

The detailed information for other States and cities may be obtained from ICA.

AGREEMENT BY CONFEREES ON THE POSTAL PAY AND RATE BILL

Mr. JOHNSTON of South Carolina. Mr. President, I wish to report to the Senate that the conferees on the postal rate and pay bill (H. R. 5836) have today completed their work, and we hope to have the report drafted and submitted to the Senate by Monday.

AUTOMOBILE LABELING

The Senate resumed the consideration of the bill (S. 3500) to require the full and fair disclosure of certain information in connection with the distribution of new automobiles in commerce, and for other purposes.

Mr. SMATHERS. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER (Mr. MONRONEY in the chair). The clerk will call the roll.

The Chief Clerk proceeded to call the roll.

Mr. MONRONEY. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER (Mr. SMATHERS in the chair). Without objection, it is so ordered.

Mr. MONRONEY. Mr. President, I wish to submit an explanation of Senate bill 3500, which was introduced by me, on behalf of myself, the Senator from South Carolina [Mr. THURMOND], the Senator from Maine [Mr. PAYNE], and the Senator from Connecticut [Mr. PURTELL].

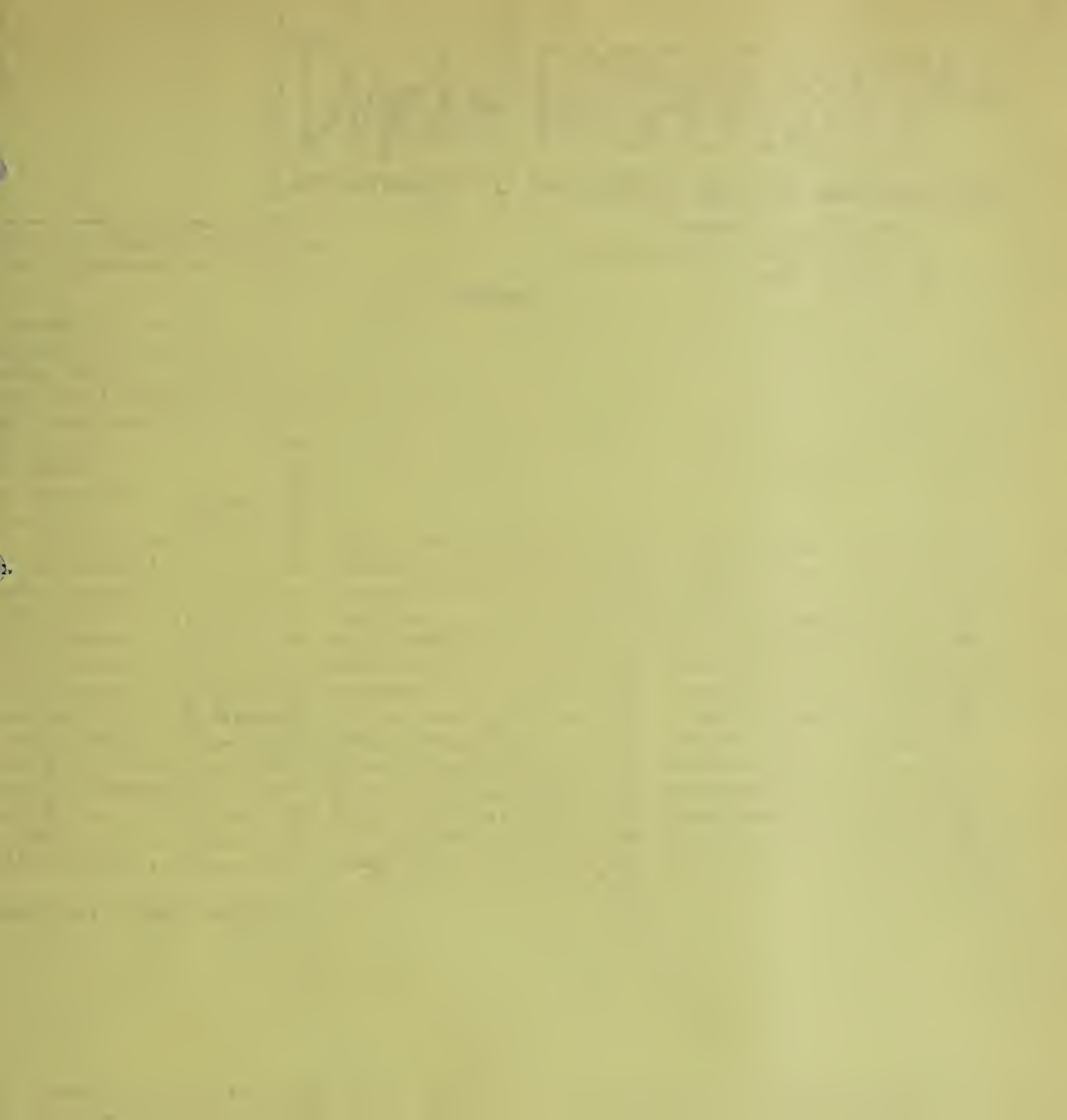
The bill requires full and fair disclosure of certain information in regard to the distribution of new automobiles in interstate commerce, including the manufacturer's suggested retail price.

Mr. President, I ask unanimous consent that the committee amendments to the bill, as set forth in the print of the bill which now is before the Senate, be considered en bloc.

The PRESIDING OFFICER. Is there objection? Without objection, the committee amendments, which have heretofore been stated, are agreed to en bloc.

Mr. KNOWLAND. Mr. President, will the Senator from Oklahoma yield to me?

Mr. MONRONEY. I am happy to yield to my distinguished colleague, the minority leader.



Digest of CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF BUDGET AND FINANCE
(For Department Staff Only)

Issued May 22, 1958
For actions of May 21, 1958
85th-2d, No. 80

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HIGHLIGHTS: See page 6.

HOUSE

1. APPROPRIATIONS. Received the conference report on H. R. 10746, the Interior appropriation bill for 1959, which includes Forest Service items (H. Rept. 1757). (pp. 8253-54, 8306) See table at the end of this Digest for information regarding Forest Service items, and excerpts from the conference report.
2. WOOL. The "Daily Digest" states as follows: "Committee on Agriculture: Subcommittee on Livestock and Feed Grains favorably reported to the full committee a committee print to extend the National Wool Act for 3 years, the provisions thereof to be included in an omnibus farm bill." p. D447
3. STATEHOOD. Agreed, 217 to 172, to a motion by Rep. Aspinall to begin consideration of H. R. 7999, the Alaska statehood bill, after the Speaker overruled a point of order by Rep. Cannon that the bill was not a privileged matter and the motion was out of order. pp. 8254-73

4. POSTAL RATES. Received the conference report on H. R. 5836, the postal rate and pay increase bill (H. Rept. 1760). (pp. 8274-93, ~~8367~~) Rep. McCormack announced that the conference report will be considered today, May 22. (p. 8293)
5. TRADE AGREEMENTS. The Ways and Means Committee reported without amendment H. R. 12591, to extend the authority of the President to enter into trade agreements (H. Rept. 1761). p. 8307
6. BUILDING SPACE. The Government Operations Committee ordered reported with amendment S. 2533, to authorize GSA to lease space for Federal agencies. p. D447
7. PERSONNEL. The Government Operations Committee ordered reported H. R. 11133, to amend the Administrative Expenses Act so as to provide for the payment of travel costs for certain Federal personnel appointments to areas in which the CSC has determined there is a manpower shortage. p. D447
8. LANDS. The Interior and Insular Affairs Committee ordered reported H. R. 6074 and H. R. 6075, to provide for the acquisition of lands for the U. S. required for the reservoirs created by the construction of the Randall and Oahe Dams on the Missouri River. p. D448
9. MUTUAL SECURITY. Received from the Manager, Development Loan Fund, letters relative to the establishment of loans in various amounts, pursuant to title II of the Mutual Security Act of 1954, for several foreign countries. p. 8306

SENATE

10. REA. Sen. Humphrey criticized the Secretary's actions under Reorganization Plan No. 2 of 1953 and asserted that they made the REA Administrator a figurehead. He announced that his Reorganization Subcommittee would hold hearings on this matter. He criticized Administration proposals on REA financing and inserted various resolutions from rural electric ass'ns opposing any increase in REA interest rates and articles from Rural Electrification magazine opposing such increases. pp. 8219-25
11. FARM PRICES. Sen. Johnston stated that cotton farmers were in difficulties and that the Administration had not "followed through" on recommendations of the Commission on Increased Industrial Uses, and urged the Senate to vote to re-pass the freeze measure over the President's veto. pp. 8233-4
12. SEEDS. Passed without amendment S. 1939, to make various amendments to the Federal Seed Act. pp. 8211-12
13. WEED CONTROL. Passed without amendment S. 3861, to provide for the control of noxious weeds on Federal lands. p. 8211
14. LIVESTOCK DISEASES. Passed without amendment S. 3076, to authorize the transportation in the U. S. of live foot-and-mouth disease virus for research purposes. p. 8211
Passed without amendment S. 3478, to insure the maintenance of an adequate supply of anti-hog-cholera serum and hog-cholera virus. pp. 8210-11
15. RICE. Passed as reported H. R. 8490, to make two technical adjustments in the law relating to rice acreage allotments, to provide for reassignment of such allotments when the lands on which the allotment has previously been made is taken for public purposes, and to increase marketing quota penalties. pp. 8234-5

Senate

May 21, 1958

16. COTTON. Passed without amendment H. R. 6765, to repeal the prohibition against cotton acreage reports based on farmers' planting intentions. This bill will now be sent to the President. pp. 8216, 1233
17. RESEARCH; WILDLIFE. At the request of Sen. Hruska, passed over S. 2447, to authorize studies of the effects of insecticides upon fish and wildlife. p. 8212
18. SALINE WATER. At the request of Sen. Talmadge passed over S. J. Res. 135, to authorize the Interior Department to construct and operate a salt-water conversion demonstration plant. p. 8212
19. FARM PROGRAM. The Agriculture and Forestry Committee ordered reported the following bills:
 - An original bill authorizing transfer of cotton acreage allotments from lands which cannot be planted to other lands in 1958;
 - S. 1436, with amendment, to amend various provisions of law regarding ASC committees;
 - H. R. 376, to prohibit trading in onion futures on commodity exchanges;
 - H. R. 7953, to facilitate and simplify the work of the Forest Service;
 - H. R. 5497, to authorize Federal assistance for certain fish and wildlife development projects under the Watershed Protection and Flood Prevention Act; and
 - H. R. 11399, to authorize the Secretary to set the level of price support for extra-long-staple cotton at between 60 to 75 percent of parity. p. D344
20. IMPORTS. The Finance Committee reported with amendments H. R. 6006, to provide for greater certainty, speed, and efficiency in the enforcement of the Anti-dumping Act (S. Rept. 1619). p. 8170
21. INFORMATION. The Judiciary Committee reported without amendment S. 921, to prevent the use of 5 U. S. C. 22 to withhold information. p. 8170
22. RECLAMATION. Passed as reported S. 2215, to authorize the Interior Department to construct, operate, and maintain the Spokane Valley Project. p. 8200
23. FLOOD CONTROL. Sen. Kuchel urged the Senate to act on the flood control authorization bill vetoed by the President, and inserted various communications on the need for such projects in Calif. pp. 8242-6
24. POSTAL RATES AND PAY. Agreed to and sent to the House the conference report on H. R. 5836, the postal rate and pay increase bill, by a vote of 88 to 0. pp. 8227-33
25. STATEHOOD. Sen. Church urged Alaskan statehood, and inserted a letter he wrote to the President to urge his support for the bill. p. 8251
26. FOREIGN AID. The Foreign Relations Committee began consideration of the proposed Mutual Security Act of 1928, and adopted a policy statement that it was the sense of Congress that India be given support in its economic development program. pp. D445-6
27. FOREIGN TRADE. Sen. Morse inserted a summary of Ore. opinion ballots on certain public questions, including support for world trade policies in line with Administration-backed proposals. pp. 8191-4

28. **EXPORT CONTROL.** Received from the Commerce Department a report on export control for the first quarter of 1958. p. 8169
29. **ARBOR DAY.** Sen. Javits inserted a resolution of the Greene County, N. Y., Board of Supervisors, urging establishment of a National Arbor Day. p. 8169

ITEMS IN APPENDIX

30. **RESEARCH.** Sen. Knowland inserted his address before the American Feed Growers Ass'n discussing "pertinent" farm facts and suggesting certain action toward an improved farm program. pp. A4649-51
31. **PRICES.** Sen. Javits inserted excerpts from Ewan Clague's, Dept. of Labor, speech, "The Consumer Price Index in the Current Price Situation." pp. A4660-
32. **AREA DEVELOPMENT.** Extension of remarks of Sen. Thurmond expressing his opposition to the proposed area redevelopment bill. p. A4663
33. **TRANSPORTATION.** Sen. Wiley inserted a letter from the General Steamship Agencies pointing out the "tremendously impressive savings which have been already realized, thanks to the movement of surplus farm products via the direct, all-water route from the Midwest through the present St. Lawrence seaway." pp. A4669-70
34. **FOREIGN AID.** Extension of remarks of Sen. Dworshak inserting an editorial urging reappraisal of the foreign aid program. pp. A4675-6
Rep. Chipperfield inserted an editorial and a report by Rep. Bass favoring the foreign aid program. pp. A4691-2, A4707
35. **ELECTRIFICATION.** Sen. Sparkman inserted an editorial, "TVA's Challenge--After 25 Years." pp. A4679-80
36. **LIVESTOCK.** Rep. Polk inserted an editorial, "Meat Promotion Up Again," emphasizing the need of "being sure any meat promotion moves are right before they are made." pp. A4685-6
37. **STATEHOOD.** Rep. Poage inserted a letter he had written pointing out "what seems to be : : an obvious weakness in the pending statehood bill." pp. A4687-88
38. **TOBACCO.** Rep. Lankford inserted two articles discussing the growth and marketing of tobacco in Md. pp. A4694-95
39. **FARM PROGRAM.** Extension of remarks of Rep. Schwengel discussing farm policies, in which he states that "it is becoming increasingly clear that political management of agriculture does not work very well," and inserting a magazine article discussing farm conditions. pp. A4706-07
40. **FARM DRAINAGE; WILDLIFE.** Extension of remarks of Rep. Reuss urging the enactment of legislation to restrict farm draining projects harmful to wildlife, stating that "there is not the slightest doubt that the Department of Agriculture's farm drainage program, as administered under existing law, has in many cases worked directly counter to the best interests of wildlife, water, and even soil conservation," and inserting an article and letter discussing the matter. pp. A4717-18

POSTAL RATES AND POSTAL PAY

MAY 21, 1958.—Ordered to be printed

Mr. MURRAY, from the committee of conference, submitted the following

CONFERENCE REPORT

[To accompany H. R. 5836]

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 5836) entitled "An Act to readjust postal rates and to establish a congressional policy for the determination of postal rates, and for other purposes", having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the House recede from its disagreement to the amendment of the Senate to the text of the bill and agree to the same with an amendment as follows:

In lieu of the matter proposed to be inserted by the Senate amendment insert the following:

TITLE I—POSTAL POLICY

SHORT TITLE

SEC. 101. This title may be cited as the "Postal Policy Act of 1958".

FINDINGS

SEC. 102. The Congress hereby finds that—

(1) the postal establishment was created to unite more closely the American people, to promote the general welfare, and to advance the national economy;

(2) the postal establishment has been extended and enlarged through the years into a nationwide network of services and facilities for the communication of intelligence, the dissemination of information, the advancement of education and culture, and the distribution of articles of commerce and industry. Furthermore, the Congress

has encouraged the use of these broadening services and facilities through reasonable and, in many cases, special postal rates;

(3) the development and expansion of these several elements of postal service, under authorization by the Congress, have been the impelling force in the origin and growth of many and varied business, commercial, and industrial enterprises which contribute materially to the national economy and the public welfare and which depend upon the continuance of these elements of postal service;

(4) historically and as a matter of public policy there have evolved, in the operations of the postal establishment authorized by the Congress, certain recognized and accepted relationships among the several classes of mail. It is clear, from the continued expansion of the postal service and from the continued encouragement by the Congress of the most widespread use thereof, that the postal establishment performs many functions and offers its facilities to many users on a basis which can only be justified as being in the interest of the national welfare;

(5) while the postal establishment, as all other Government agencies, should be operated in an efficient manner, it clearly is not a business enterprise conducted for profit or for raising general funds, and it would be an unfair burden upon any particular user or class of users of the mails to compel them to bear the expenses incurred by reason of special rate considerations granted or facilities provided to other users of the mails, or to underwrite those expenses incurred by the postal establishment for services of a nonpostal nature; and

(6) the public interest and the increasing complexity of the social and economic fabric of the Nation require an immediate, clear, and affirmative declaration of congressional policy with respect to the activities of the postal establishment including those of a public service nature as the basis for the creation and maintenance of a sound and equitable postal-rate structure which will assure efficient service, produce adequate postal revenues, and stand the test of time.

DECLARATION OF POLICY

SEC. 103. (a) The Congress hereby emphasizes, reaffirms, and restates its function under the Constitution of the United States of forming postal policy.

(b) It is hereby declared to be the policy of the Congress, as set forth in this title—

(1) that the post office is a public service;

(2) to provide a more stable basis for the postal-rate structure through the establishment of general principles, standards, and related requirements with respect to the determination and allocation of postal revenues and expenses; and

(3) in accordance with these general principles, standards, and related requirements, to provide a means by which the postal-rate structure may be fixed and adjusted by action of the Congress, from time to time, as the public interest may require, in the light of periodic reviews of the postal-rate structure, periodic studies and surveys of expenses and revenues, and periodic reports, required to be made by the Postmaster General as provided by section 105 of this title.

(c) *The general principles, standards, and related requirements referred to in subsection (b) of this section are as follows:*

(1) *In the determination and adjustment of the postal-rate structure, due consideration should be given to—*

(A) *the preservation of the inherent advantages of the postal service in the promotion of social, cultural, intellectual, and commercial intercourse among the people of the United States;*

(B) *the development and maintenance of a postal service adapted to the present needs, and adaptable to the future needs, of the people of the United States;*

(C) *the promotion of adequate, economical, and efficient postal service at reasonable and equitable rates and fees;*

(D) *the effect of postal services and the impact of postal rates and fees on users of the mails;*

(E) *the requirements of the postal establishment with respect to the manner and form of preparation and presentation of mailings by the users of the various classes of mail service;*

(F) *the value of mail;*

(G) *the value of time of delivery of mail; and*

(H) *the quality and character of the service rendered in terms of priority, secrecy, security, speed of transmission, use of facilities and manpower, and other pertinent service factors.*

(2) *The acceptance, transportation, and delivery of first-class mail constitutes a preferred service of the postal establishment and, therefore, the postage for first-class mail should be sufficient to cover*

(A) *the entire amount of the expenses allocated to first-class mail in accordance with this title and (B) an additional amount representing the fair value of all extraordinary and preferential services, facilities, and factors relating thereto.*

(3) *Those services, elements of service, and facilities rendered and provided by the postal establishment in accordance with law, including services having public service aspects, which, in whole or in part, are held and considered by the Congress from time to time to be public services for the purposes of this title shall be administered on the following basis:*

(A) *the sum of such public service items as determined by the Congress should be assumed directly by the Federal Government and paid directly out of the general fund of the Treasury and should not constitute direct charges in the form of rates and fees upon any user or class of users of such public services, or of the mails generally; and*

(B) *nothing contained in any provision of this title should be construed as indicating any intention on the part of the Congress (i) that such public services, or any of them, should be limited or restricted or (ii) to derogate in any way from the need and desirability thereof in the public interest.*

(4) *Postal rates and fees shall be adjusted from time to time as may be required to produce the amount of revenue approximately equal to the total cost of operating the postal establishment less the amount deemed to be attributable to the performance of public services under section 104 (b) of this title.*

IDENTIFICATION OF AND APPROPRIATIONS FOR PUBLIC SERVICES

SEC. 104. (a) *The following shall be considered to be public services for the purposes of this title—*

(1) *the total loss resulting from the transmission of matter in the mails free of postage or at reduced rates of postage as provided by statute, including the following:*

(A) *paragraph (3) of subsection (a) of section 202 of the Act of February 28, 1925 (39 U. S. C. 283 (a) (3)), relating to reduced rates of postage on newspapers or periodicals of certain nonprofit organizations;*

(B) *sections 5 and 6 of the Act of March 3, 1877 (39 U. S. C. 321), relating to official mail matter of the Pan American Union sent free through the mails;*

(C) *section 25 of the Act of March 3, 1879, as amended (39 U. S. C. 286), and subsection (b) of section 2 of the Act of October 30, 1951 (39 U. S. C. 289a (b)), relating to free-in-county mailing privileges;*

(D) *the Act of April 27, 1904 (33 Stat. 313), the last paragraph under the heading "Office of the Third Assistant Postmaster General" contained in the first section of the Act of August 24, 1912 (37 Stat. 551), and the Joint Resolution of June 7, 1924 (43 Stat. 668; Pub. Res., No. 33, Sixty-eighth Congress), as contained in the Act of October 14, 1941 (55 Stat. 737; Public Law 270, Seventy-seventh Congress), and as further amended by the Act of September 7, 1949 (63 Stat. 690), relating to free postage and reduced postage rates on reading matter and other articles for the blind (39 U. S. C. 331);*

(E) *the Act of February 14, 1929 (39 U. S. C. 336), granting free mailing privileges to the diplomatic corps of the countries of the Pan American Postal Union;*

(F) *the Act of April 15, 1937 (39 U. S. C. 293c), granting reduced rates to publications for use of the blind;*

(G) *the Act of June 29, 1940 (39 U. S. C. 321-1), granting free mailing privileges to the Pan American Sanitary Bureau;*

(H) *the Act of May 7, 1945 (59 Stat. 707), and other provisions of law granting free mailing privileges to individuals;*

(I) *the second and third provisos of subsection (a) of section 2 of the Act of October 30, 1951 (65 Stat. 672; 39 U. S. C. 289a (a)), granting reduced second-class postage rates to publications of certain organizations;*

(J) *the last proviso of section 3 of the Act of October 30, 1951 (65 Stat. 673; 39 U. S. C. 290a-1), granting reduced third-class postage rates to certain organizations;*

(K) *section 302 of The Federal Voting Assistance Act of 1955 (5 U. S. C. 2192), granting free postage, including free airmail postage, to post cards, ballots, voting instructions, and envelopes transmitted in the mails under authority of such Act; and*

(L) *section 204 (d) and (e) of the Postal Rate Revision and Federal Employees Salary Act of 1948, as amended (39 U. S. C. 292a (d) and (e)), including the amendment made by section 206 of this Act.*

(2) the loss resulting from the operation of such prime and necessary public services as the star route system and third- and fourth-class post offices;

(3) the loss incurred in performing nonpostal services, such as the sale of documentary stamps for the Department of the Treasury;

(4) the loss incurred in performing special services such as cash on delivery, insured mail, special delivery, and money orders; and

(5) the additional cost of transporting United States mail by foreign air carriers at a Universal Postal Union rate in excess of the rate prescribed for United States carriers.

(b) There is hereby authorized to be appropriated to the revenues of the Post Office Department for each fiscal year from any money in the Treasury not otherwise appropriated an amount, which shall be deemed to be attributable to the public services enumerated under subsection (a) of this section, equal to the total estimated expenditures of the Post Office Department for the year for such public services as determined by the Congress in the appropriation Act based upon budget estimates submitted to the Congress. Such appropriations shall be available to enable the Postmaster General to pay in to postal revenues at quarterly or other intervals such sums as may be necessary to reimburse the Post Office Department for such amount attributable to public services.

REVIEWS, STUDIES, SURVEYS, AND REPORTS OF POSTMASTER GENERAL

SEC. 105. (a) The Postmaster General is authorized and directed to initiate and conduct, through the facilities of the postal establishment, either on a continuing basis or from time to time, as he deems advisable, but not less often than every two years, a review of the postal-rate structure and a study and survey of the expenses incurred and the revenues received in connection with the several classes of mail, and the various classes and kinds of services and facilities provided by the postal establishment, in order to determine, on the basis of such review, study, and survey for each class and kind of service or facility provided by the postal establishment, the need for adjustment of postal rates and fees in accordance with the policy set forth in this title.

(b) The Postmaster General shall submit to the Senate and the House of Representatives not later than April 15 of each alternate fiscal year, beginning with the fiscal year ending June 30, 1960, a report of the results of the review, study, and survey conducted pursuant to subsection (a) of this section. Such report shall include—

(1) information with respect to expenses and revenues which is pertinent to the allocation of expenses and the determination and adjustment of postal rates and fees in accordance with the policy set forth in this title; and

(2) such other information as is necessary to enable the Congress, or as may be required by the Congress or an appropriate committee thereof, to carry out the purposes of this title.

EFFECT ON FOURTH-CLASS MAIL RATES

SEC. 106. The provisions of this title shall not require any downward adjustment in rates of postage on fourth-class mail existing on the date of enactment of this Act.

TITLE II—POSTAL RATE INCREASES

SHORT TITLE

SEC. 201. This title may be cited as the "Postal Rate Increase Act, 1958".

FIRST-CLASS MAIL

SEC. 202. (a) That part of the first section of the Joint Resolution of June 30, 1947 (61 Stat. 213; 39 U. S. C. 280), which precedes the proviso, is amended by striking out "3 cents" and inserting in lieu thereof "4 cents".

(b) Section 1 of the Act of October 30, 1951 (65 Stat. 672; 39 U. S. C. 280), as amended, is further amended—

(1) by striking out "2 cents" wherever appearing in subsection (a) and inserting in lieu thereof "3 cents"; and

(2) by striking out "2 cents" in subsection (b) and inserting in lieu thereof "3 cents".

DOMESTIC AIRMAIL

SEC. 203. Section 201 of the Postal Rate Revision and Federal Employees Salary Act of 1948 (62 Stat. 1261; 39 U. S. C. 463a) is amended—

(1) by striking out "6 cents" in the first sentence and inserting in lieu thereof "7 cents"; and

(2) by striking out "4 cents" in the second sentence and inserting in lieu thereof "5 cents".

SECOND-CLASS MAIL

SEC. 204. (a) Section 2 (a) of the Act of October 30, 1951 (65 Stat. 672; 39 U. S. C. 289a), is amended by striking out the word "and" preceding clause (3) and by inserting immediately before the colon which precedes the first proviso a comma and the following: "and (4) such postage is further adjusted to the amounts set forth in the following table, on the dates specified:

	January 1, 1959 (cents per pound or fraction thereof)	January 1, 1960 (cents per pound or fraction thereof)	January 1, 1961 (cents per pound or fraction thereof)
Nonadvertising portion.....	2.1	2.3	2.5
Advertising portion:			
First and second zones.....	2.2	2.6	3.0
Third zone.....	3.0	3.5	4.0
Fourth zone.....	4.5	5.2	6.0
Fifth zone.....	6.0	7.0	8.0
Sixth zone.....	7.7	8.7	10.0
Seventh zone.....	9.2	11.0	12.0
Eighth zone.....	11.0	12.5	14.0"

(b) Section 2 (c) of such Act of October 30, 1951, is amended by striking out "one-eighth of 1 cent" and inserting in lieu thereof "one-fourth of 1 cent effective January 1, 1959, three-eighths of 1 cent effective January 1, 1960, and one-half of 1 cent effective January 1, 1961, except that (1) in no case shall the postage on each individually addressed copy mailed by the organizations listed, and for the purposes prescribed, in the

second and third provisos of subsection (a) of this section be less than one-eighth of 1 cent and (2) the per copy rates prescribed for publications covered by section 25 of the Act of March 3, 1879, as amended (39 U. S. C. 286), shall be continued".

(c) Section 2 (d) of such Act of October 30, 1951, is amended by striking out the words "two ounces" where they appear the second time and inserting in lieu thereof the word "ounce".

(d) The third clause of section 14 of the Act of March 3, 1879, as amended (39 U. S. C. 226), is amended to read as follows:

"Third. It must be formed of printed sheets: Provided, That publications produced by the stencil, mimeograph, or hectograph process or in imitation of typewriting shall not be regarded as printed within the meaning of this clause."

(e) Section 202 (a) of the Act of February 28, 1925, as amended (39 U. S. C. 283), is amended by adding at the end thereof the following new paragraph:

"(4) For the purpose of this section, the portion of a publication devoted to advertisements shall include all advertisements inserted in such publication and attached permanently thereto."

CONTROLLED CIRCULATION PUBLICATIONS

(f) Section 203 of the Postal Rate Revision and Federal Employees Salary Act of 1948 (62 Stat. 1262; 39 U. S. C. 291b), is amended—

(1) by striking out "10 cents a pound or fraction thereof" and inserting in lieu thereof "12 cents a pound or fraction thereof regardless of the weight of the individual copies"; and

(2) by adding at the end thereof a new sentence reading "The rates provided in this section shall remain in effect until otherwise provided by the Congress."

THIRD-CLASS MAIL

SEC. 205. Section 3 of the Act of October 30, 1951 (65 Stat. 673; 39 U. S. C. 290a-1), is amended—

(1) by striking out so much of such section as precedes the first proviso and inserting in lieu thereof the following: "The rate of postage on third-class matter shall be 3 cents for the first two ounces or fraction thereof, and 1½ cents for each additional ounce or fraction thereof up to but not including sixteen ounces in weight:";

(2) in the first proviso contained in such section, by striking out "\$10" and inserting in lieu thereof "\$20";

(3) in the second proviso contained in such section—

(A) by striking out "14 cents" and inserting in lieu thereof "16 cents"; and

(B) by striking out "1 cent" wherever appearing therein and inserting in lieu thereof "2 cents when mailed prior to July 1, 1960, and 2½ cents when mailed on or after such date";

(4) by striking out the third proviso contained in such section;

(5) in the fourth proviso contained in such section, by striking out "3 cents" and inserting in lieu thereof "6 cents"; and

(6) by striking out the last proviso and inserting in lieu thereof the following: "And provided further, That on and after January 1, 1959, the rates of postage on third-class matter mailed by religious, educational, scientific, philanthropic, agricultural, labor, veterans', or fraternal organizations or associations, not organized for profit

and none of the net income of which inures to the benefit of any private stockholder or individual, shall be the rates prescribed by this section, except that the minimum charge per piece for third-class matter mailed in bulk by such organizations or associations shall be 50 per centum of the minimum charge prescribed by this section for such mailings."

FOURTH-CLASS MAIL

SEC. 206. (a) Section 204 (a) of the Postal Rate Revision and Federal Employees Salary Act of 1948 (39 U. S. C. 292a (a)), as amended, is amended by striking out the words "over eight ounces" wherever they appear and inserting in lieu thereof "sixteen ounces or over".

(b) Sections 204 (d) and (e) of such Act (39 U. S. C. 292a (d) and (e)) are amended to read as follows:

"(d) The following materials when in parcels not exceeding seventy pounds in weight may be sent at the postage rate of 9 cents for the first pound and 5 cents for each additional pound or fraction thereof, and this rate shall continue until otherwise provided by the Congress: (1) books permanently bound for preservation consisting wholly of reading matter or scholarly bibliography or reading matter with incidental blank spaces for students' notations and containing no advertising matter other than incidental announcements of books; (2) sixteen-millimeter films and sixteen-millimeter film catalogs except when sent to commercial theaters; (3) printed music whether in bound form or in sheet form; (4) printed objective test materials and accessories thereto used by or in behalf of educational institutions in the testing of ability, aptitude, achievement, interests, and other mental and personal qualities with or without answers, test scores, or identifying information recorded thereon in writing or by mark; (5) phonograph recordings; and (6) manuscripts for books, periodical articles, and music.

"(e) (1) The following materials when in parcels not exceeding seventy pounds in weight when loaned or exchanged between (A) schools, colleges, or universities and (B) public libraries, religious, educational, scientific, philanthropic, agricultural, labor, veterans', or fraternal organizations or associations not organized for profit and none of the net income of which inures to the benefit of any private stockholder or individual, or between such organizations and their members or readers or borrowers, shall be charged with postage at the rate of 4 cents for the first pound and 1 cent for each additional pound or fraction thereof, except that the rates now or hereafter prescribed for third- or fourth-class matter shall apply in every case where such rate is lower than the rate prescribed in this subsection, and this rate shall continue until otherwise provided by the Congress: (i) books consisting wholly of reading matter or scholarly bibliography or reading matter with incidental blank spaces for students' notations and containing no advertising matter other than incidental announcements of books; (ii) printed music, whether in bound form or in sheet form; (iii) bound volumes of academic theses in typewritten or other duplicated form and bound volumes of periodicals; (iv) phonograph recordings; and (v) other library materials in printed, duplicated, or photographic form or in the form of unpublished manuscripts.

"(2) The rate provided in paragraph (1) for books may apply to sixteen-millimeter films, filmstrips, transparencies for projection and slides, micro-films, sound recordings, and catalogs of such materials when sent in parcels not exceeding seventy pounds in weight to or from (A) schools, colleges, or universities and (B) public libraries, religious, educational, scientific, philanthropic, agricultural, labor, veterans', or fraternal organizations or associations, not organized for profit and none of the net income of which inures to the benefit of any private stockholder or individual.

"(3) Public libraries, organizations, or associations, before being entitled to the rates specified in paragraphs (1) and (2) of this subsection, shall furnish to the Postmaster General, under such regulations as he may prescribe, satisfactory evidence that none of their net income inures to the benefit of any private stockholder or individual."

(c) (1) The first section of the Act entitled "An Act to readjust the size and weight limitations on fourth-class (parcel post) mail", approved October 24, 1951 (65 Stat. 610; 39 U. S. C. 240a), is amended by striking out the words "over eight ounces" each place they appear therein and inserting in lieu thereof the words "sixteen ounces or over".

(2) Section 207 (a) of the Act of February 28, 1925 (39 U. S. C. 240), as amended, is amended by striking out the words "in excess of eight ounces" and inserting in lieu thereof the words "sixteen ounces or over".

BOOKS FOR THE BLIND

SEC. 207. The Act entitled "An Act to further amend the Acts for promoting the circulation of reading matter among the blind", approved October 14, 1941 (55 Stat. 737), is amended by inserting immediately after "for which no subscription fee is charged" a semicolon and the following: "books, or pages thereof, in raised characters, whether prepared by hand or printed, which contain no advertisements, when furnished by any person to a blind person without cost to such blind person".

SUBSCRIPTION ORDER, BILL, AND RECEIPT FORMS

SEC. 208. The final clause in the first sentence of the Act of January 20, 1888 (25 Stat. 1; 39 U. S. C. 249), is amended by striking out the following: "but the same shall be in such form as to convey no other information than the name, place of publication, subscription price of the publication to which they refer and the subscription due thereon".

STUDIES AND REPORTS WITH RESPECT TO THIRD-CLASS BULK RATE INCREASES

SEC. 209. (a) The Secretary of Commerce and the Administrator of the Small Business Administration each is authorized and directed to initiate and conduct, through the facilities and personnel of his department or agency, as soon as practicable after July 1, 1959, a separate study of the increases in the rates of postage in third-class bulk mail matter under the amendments made by section 205 (3) (A) and (B) of this title, in order to determine the effect of such increases on small business enterprises and on the users of the mails and the national economy generally.

(b) *The Secretary of Commerce and the Administrator of the Small Business Administration each shall submit to the Senate and House of Representatives on or before March 1, 1960, a separate report of the results of the study conducted by him under subsection (a) of this section, together with such recommendations as may be necessary and appropriate.*

INVESTIGATION AND STUDY BY POSTMASTER GENERAL OF DIMENSIONAL CATEGORIES FOR FIRST- AND THIRD-CLASS MAIL ENVELOPES

SEC. 210. (a) *The Postmaster General is authorized and directed to conduct a thorough investigation and study of the feasibility and desirability of—*

(1) *the establishment, by regulation of the Postmaster General, of such number of categories (but not less than two categories) of specified length and width dimensions for envelopes to be used for the transmission of first-class and third-class mail, as the Postmaster General may determine to be necessary or desirable to increase the efficient handling of the mail; and*

(2) *the establishment of an additional charge on any such mail transmitted in an envelope which does not conform in length and width to one of such dimensional categories for envelopes.*

(b) *The Postmaster General shall submit to the Senate and House of Representatives, on or before February 1, 1959, a report of the results of such investigation and study, together with his recommendations with respect thereto, including his recommendations for any necessary legislation.*

DETERMINATION OF CLASS OF POST OFFICE AND COMPENSATION OF POSTMASTER AND CERTAIN EMPLOYEES

SEC. 211. *No part of the gross postal receipts of any post office, which are determined in accordance with estimates of the Postmaster General to be attributable to the increases in postage rates provided by this Act, shall be counted for the purpose of determining the classes of the respective post offices and the compensation and allowances of postmasters and other employees whose compensation or allowances are based on the annual gross receipts of such post offices. Nothing contained in this section shall operate to relegate a post office to a class or receipts category below the class or receipts category to which such post office may be assigned on the basis of gross postal receipts accruing during the last complete calendar year prior to the date of enactment of this Act or, in the case of a post office which was in existence on such date of enactment but which was not in existence during the whole of such calendar year, on the basis of gross postal receipts accruing during the last quarter prior to the date of enactment of this Act.*

SALARY STEP INCREASES

SEC. 212. (a) *Subsection (a) of section 401 of the Postal Field Service Compensation Act of 1955, as amended (39 U. S. C. 981 (a)), is amended by striking out "salary level PFS-9 or a lower salary level of".*

(b) *Subsection (b) of such section (39 U. S. C. 981 (b)) is repealed.*

CONDITIONS PRECEDENT TO WITHDRAWAL FROM GENERAL FUND OF
TREASURY

SEC. 213. That part of the paragraph under the heading "General Provisions" under the appropriations for the Post Office Department contained in chapter IV of the Supplemental Appropriation Act, 1951 (64 Stat. 1050; 31 U. S. C. 695), which precedes the proviso is amended by striking out "the receipt of revenue from fourth-class mail service sufficient to pay the cost of such service" and inserting in lieu thereof "(1) that the revenues from fourth-class mail service will not exceed by more than 4 per centum the costs thereof and (2) that the costs of such fourth-class mail service will not exceed by more than 4 per centum the revenues therefrom".

REPEALS

SEC. 214. (a) The following provisions of law are hereby repealed—

(1) The Act of June 9, 1930 (39 U. S. C. 793), relating to certification of estimated amounts of postage that would have been collected on certain free or reduced-rate mailings, which the Postmaster General is required to make to the Secretary of the Treasury and to the Comptroller General of the United States;

(2) Paragraph (4) of section 202 (a) of the Act of February 28, 1925 (45 Stat. 941; 39 U. S. C. 283 (4));

(3) Section 202 (b) of the Act of February 28, 1925 (43 Stat. 1066; 39 U. S. C. 283 (b)); and

(4) Section 204 of the Act of February 28, 1925 (43 Stat. 1067; 39 U. S. C. 288).

(b) The last sentence of section 4 (a) of the Civil Service Retirement Act as contained in the Civil Service Retirement Act Amendments of 1956 (70 Stat. 747) is hereby repealed, and hereafter the amounts contributed by the Post Office Department to the civil service retirement and disability fund in compliance with such section 4 (a) of the Civil Service Retirement Act shall be considered as costs of providing postal service for the purpose of establishing postal rates.

EFFECTIVE DATES

SEC. 215. (a) The provisions of this section and sections 201, 204 (d), 204 (e), 209, 210, 211, 212, 213, and 214 (a) (1), (2), and (4) of this title shall become effective on the date of enactment of this Act.

(b) The provisions of sections 202, 203, 204 (c), 204 (f), 205 (1), 205 (5), and 206 of this title shall become effective on the first day of the first month which begins at least 40 days after the date of enactment of this Act.

(c) The provisions of section 204 (a) and (b) of this title shall become effective as provided in such section 204 (a) and (b).

(d) The provisions of sections 205 (2), 205 (3), 205 (4), 205 (6), and 214 (a) (3) of this title shall become effective on January 1, 1959.

(e) The provisions of sections 207 and 208 of this title shall become effective on July 1, 1958.

(f) The provisions of section 214 (b) of this title shall become effective as of the effective date of the Civil Service Retirement Act Amendments of 1956.

TITLE III—POSTAL MODERNIZATION FUND

ESTABLISHMENT OF FUND

SEC. 301. *There is hereby established in the Treasury of the United States a fund to be known as the "Postal Modernization Fund" (hereinafter referred to as the "Fund").*

APPROPRIATIONS TO FUND

SEC. 302. *There are hereby authorized to be appropriated and paid into the Fund such sums as may be necessary during each fiscal year, beginning with the fiscal year ending June 30, 1959 and ending with the fiscal year ending June 30, 1961, to carry out the purposes of this title.*

EXPENDITURE FROM FUND

SEC. 303. *Moneys paid into the Fund, together with any income thereof under section 304 (b) or otherwise, shall be available until expended for obligation by the Postmaster General for the purpose of conducting research, either directly or through private or other organizations, and for the purpose of developing, acquiring, and placing into operation improved equipment and facilities for the performance of the postal function.*

MANAGEMENT OF FUND

SEC. 304. (a) *It shall be the duty of the Secretary of the Treasury to hold the Fund, and (after consultation with the Postmaster General) to report to the Congress not later than the first day of January of each year (beginning with 1960) on the financial condition of the Fund as of the end of the next preceding fiscal year.*

(b) *It shall be the duty of the Secretary of the Treasury to invest such portion of the Fund as is not, in his judgment, after consultation with the Postmaster General, required to meet current withdrawals. Such investments may be made only in interest-bearing obligations of the United States or in obligations guaranteed as to both principal and interest by the United States.*

REPORT OF POSTMASTER GENERAL

SEC. 305. *The Postmaster General shall include in his annual report to the President for each year a detailed report of his activities during such year under this title.*

TITLE IV—INCREASES IN COMPENSATION OF POSTAL EMPLOYEES

SEC. 401. The Postal Field Service Compensation Act of 1955, approved June 10, 1955 (Public Law 68, Eighty-fourth Congress), is hereby amended as follows:

(a) In section 301 (a) strike out the Postal Field Service Schedule, and insert the following schedule:

“POSTAL FIELD SERVICE SCHEDULE

Level	Per annum rates and steps						
1-----	\$3,095	\$3,205	\$3,315	\$3,425	\$3,535	\$3,645	\$3,755
Temporary rate-----	3,170	3,285	3,400	3,515	3,630	3,745	3,860
2-----	3,320	3,435	3,550	3,665	3,780	3,895	4,010
Temporary rate-----	3,405	3,525	3,645	3,765	3,885	4,005	4,125
3-----	3,580	3,705	3,830	3,955	4,080	4,205	4,330
Temporary rate-----	3,670	3,800	3,930	4,060	4,190	4,320	4,450
4-----	3,955	4,070	4,205	4,340	4,475	4,610	4,745
Temporary rate-----	4,035	4,175	4,315	4,455	4,595	4,735	4,875
5-----	4,170	4,305	4,440	4,575	4,710	4,845	4,980
Temporary rate-----	4,275	4,415	4,555	4,695	4,835	4,975	5,115
6-----	4,505	4,655	4,805	4,955	5,105	5,255	5,405
Temporary rate-----	4,620	4,775	4,930	5,085	5,240	5,395	5,550
7-----	4,870	5,035	5,200	5,365	5,530	5,695	5,860
Temporary rate-----	4,945	5,110	5,275	5,440	5,605	5,770	5,935
8-----	5,255	5,440	5,625	5,810	5,995	6,180	6,365
9-----	5,675	5,875	6,075	6,275	6,475	6,675	6,875
10-----	6,235	6,450	6,665	6,880	7,095	7,310	7,525
11-----	6,860	7,095	7,330	7,565	7,800	8,035	8,270
12-----	7,545	7,805	8,065	8,325	8,585	8,845	9,105
13-----	8,310	8,590	8,870	9,150	9,430	9,710	9,990
14-----	9,140	9,440	9,740	10,040	10,340	10,640	10,940
15-----	10,050	10,350	10,650	10,950	11,250	11,550	11,850
16-----	11,075	11,375	11,675	11,975	12,275	12,575	12,875
17-----	12,255	12,555	12,855	13,155	13,455	13,755	14,055
18-----	13,760	14,060	14,360	14,660	14,960	15,260	15,560
19-----	15,000	15,300	15,600	15,900			
20-----	16,000 ¹						

(b) In section 302 (a) strike out the Rural Carrier Schedule, and insert the following schedule:

“RURAL CARRIER SCHEDULE

	Per annum rates and steps						
	1	2	3	4	5	6	7
Carriers in rural delivery service:							
Fixed compensation per annum-----	\$1,841	\$1,896	\$1,951	\$2,006	\$2,061	\$2,116	\$2,171
Temporary rate-----	1,941	2,001	2,061	2,121	2,181	2,241	2,301
Compensation per mile per annum for each mile up to 30 miles of route-----	65	67	69	71	73	75	77
For each mile of route over 30 miles-----	22	22	22	22	22	22	22
Temporary carriers in rural delivery service on routes to which no regular carrier is assigned:							
Fixed compensation per annum-----	1,841						
Temporary rate-----	1,941						
Compensation per mile per annum for each mile up to 30 miles of route-----	65						
For each mile of route over 30 miles-----	22						
Temporary carriers in rural delivery service on routes having regular carriers absent without pay or on military leave-----	(1)	(1)	(1)	(1)	(1)	(1)	(1)
Substitute carriers in rural delivery service on routes having carriers absent with pay-----	(1)	(1)	(1)	(1)	(1)	(1)	(1) ¹

¹ Basic compensation authorized for the regular carrier.

(c) In section 302 (c) strike out "\$4,700" and insert "\$5,165 during the period referred to in section 304 (c) or \$5,035 thereafter".

(d) In section 303 (a) strike out the Fourth-Class Office Schedule and insert the following schedule:

"FOURTH-CLASS OFFICE SCHEDULE"

Gross receipts	Per annum rates and steps						
	1	2	3	4	5	6	7
\$1,300 to \$1,499.99.....	\$2,703	\$2,793	\$2,883	\$2,973	\$3,063	\$3,153	\$3,243
Temporary rate.....	2,771	2,863	2,955	3,047	3,139	3,231	3,323
\$900 to \$1,299.99.....	2,477	2,559	2,641	2,723	2,805	2,887	2,969
Temporary rate.....	2,539	2,623	2,707	2,791	2,875	2,959	3,043
\$600 to \$899.99.....	2,027	2,094	2,161	2,228	2,295	2,362	2,429
Temporary rate.....	2,078	2,145	2,212	2,288	2,353	2,428	2,498
\$350 to \$599.99.....	1,577	1,629	1,681	1,733	1,785	1,837	1,889
Temporary rate.....	1,616	1,669	1,722	1,775	1,828	1,881	1,934
\$250 to \$349.99.....	1,127	1,164	1,201	1,238	1,275	1,312	1,349
Temporary rate.....	1,155	1,193	1,231	1,269	1,307	1,345	1,383
\$200 to \$249.99.....	901	931	961	991	1,021	1,051	1,081
Temporary rate.....	924	954	984	1,014	1,044	1,074	1,104
\$100 to \$199.99.....	676	698	720	742	764	786	808
Temporary rate.....	693	715	737	759	781	803	825
Under \$100.....	450	465	480	495	510	525	540
Temporary rate.....	461	476	491	506	521	536	551"

(e) In section 304 insert the following new subsection:

"(c) Wherever a temporary per annum rate is provided by a basic salary schedule contained in this title, such temporary rate shall be in effect, in lieu of the regular scheduled rate, for the period beginning on the effective date of this amendment and ending on the last day of the last pay period which begins not more than three years after such date."

SEC. 402 (a) The annual rate of basic salary of any officer or employee whose basic salary by reason of the provisions of section 504 of the Postal Field Service Compensation Act of 1955 is at a rate between two scheduled rates, or above the highest scheduled rate, in the Postal Field Service Schedule, the Rural Carrier Schedule, or the Fourth-Class Office Schedule, whichever may be applicable, is hereby increased by an amount equal to the amount of the increase made by this title in the next lower rate of the appropriate level in such schedule.

(b) As used in this section, the term "basic salary" has the same meaning as when used in the Postal Field Service Compensation Act of 1955.

SEC. 403. No increase under the provisions of this title shall be construed to be an equivalent increase within the meaning of section 401 (a) of the Postal Field Service Compensation Act of 1955.

SEC. 404. The Governor of the Canal Zone is authorized and directed to grant, effective as of January 1, 1958, increases in the compensation of postal employees of the Canal Zone Government comparable to those provided by this title for similar employees.

SEC. 405. This Act shall have the same force and effect within Guam as within other possessions of the United States.

SEC. 406. (a) Retroactive compensation or salary shall be paid by reason of this title only in the case of an individual in the service of the United States (including service in the Armed Forces of the United States) or the municipal government of the District of Columbia on the date of enactment of this title, except that such retroactive compensation or salary

shall be paid (1) to a postmaster, officer, or employee who retired during the period beginning on the first day of the first pay period which began on or after January 1, 1958, and ending on the date of enactment of this title for services rendered during such period and (2) in accordance with the provisions of the Act of August 3, 1950 (Public Law 636, Eighty-first Congress), as amended, for services rendered during the period beginning on the first day of the first pay period which began on or after January 1, 1958, and ending on the date of enactment of this title by a postmaster, officer, or employee who died during such period. Such retroactive compensation or salary shall not be considered as basic salary for the purposes of the Civil Service Retirement Act in the case of any such retired or deceased postmaster, officer, or employee.

(b) For the purposes of this section, service in the Armed Forces of the United States, in the case of an individual relieved from training and service in the Armed Forces of the United States or discharged from hospitalization following such training and service, shall include the period provided by law for the mandatory restoration of such individual to a position in or under the Federal Government or the municipal government of the District of Columbia.

SEC. 407. (a) This title shall take effect as of the first day of the first pay period which began on or after January 1, 1958.

(b) For the purpose of determining the amount of insurance for which an individual is eligible under the Federal Employees' Group Life Insurance Act of 1954, all changes in rates of compensation or salary which result from the enactment of this title shall be held and considered to be effective as of the date of such enactment.

And the Senate agree to the same.

That the House recede from its disagreement to the amendment of the Senate to the title of the bill and agree to the same.

TOM MURRAY,
JAMES H. MORRISON,
JAMES C. DAVIS,
EDWARD H. REES,
ROBERT J. CORBETT,

Managers on the Part of the House.

OLIN D. JOHNSTON,
MIKE MONRONEY,
FRANK CARLSON,

Managers on the Part of the Senate.

STATEMENT OF THE MANAGERS ON THE PART OF THE HOUSE

The managers on the part of the House at the conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 5836) entitled "An Act to readjust postal rates and to establish a congressional policy for the determination of postal rates, and for other purposes", submit the following statement in explanation of the effect of the action agreed upon by the conferees and recommended in the accompanying conference report:

The Senate amendments struck out all of the House bill after the enacting clause and inserted a substitute text and provided a new title for the House bill.

With respect to the amendment of the Senate to the text of the House bill, the committee of conference recommends that the House recede from its disagreement to the amendment of the Senate with an amendment which is a substitute for both the text of the House bill and the text provided by the Senate amendment and that the Senate agree to the same.

A summary of the major provisions of the conference substitute follows.

SUMMARY OF MAJOR PROVISIONS OF CONFERENCE SUBSTITUTE

INCREASED REVENUE

Postal revenues will be increased by \$550,000,000 per annum when all of the postal rate adjustments provided by the conference substitute become effective.

COST OF POSTAL PAY INCREASE

The annual cost of the postal pay increases provided by the conference substitute will be \$265,000,000. The cost of the retroactive effect of such pay increases will be approximately \$97,000,000.

POSTAL RATES

A table comparing present and proposed postal rates appears on page 20.

First-class mail

The letter rate is increased from 3 cents to 4 cents, and rates on post and postal cards and drop letters are increased from 2 cents to 3 cents, as in the House bill. The increases are effective August 1, 1958.

Domestic airmail

The airmail letter rate is increased from 6 cents to 7 cents, and the airmail card rate from 4 cents to 5 cents, as in the House bill. The increases are effective August 1, 1958.

Second-class mail

Publishers' pound rates are identical to the publishers' pound rates provided by the Senate amendment, as shown in the following table:

	Step 1	Step 2	Step 3
	<i>Cents</i>	<i>Cents</i>	<i>Cents</i>
Nonadvertising portion.....	2.1	2.3	2.5
Advertising portion:			
First and second zones.....	2.2	2.6	3.0
Third zone.....	3.0	3.5	4.0
Fourth zone.....	4.5	5.2	6.0
Fifth zone.....	6.0	7.0	8.0
Sixth zone.....	7.7	8.7	10.0
Seventh zone.....	9.2	11.0	12.0
Eighth zone.....	11.0	12.5	14.0
Minimum per piece.....	.25	.375	.5

The step increases are effective January 1 of the next 3 calendar years. Periodicals of nonprofit organizations are exempted from these increases, as in the House bill.

The "transient" rate is increased from 1 cent on each 2 ounces above the first 2 ounces to 1 cent for each ounce above the first 2 ounces, as in the Senate amendment, which is similar in effect to the House provision.

Second-class entry is authorized for publications with hard binding. Application of advertising rates to advertisements inserted in publications is reaffirmed. These provisions are contained in the Senate amendment.

Controlled circulation publications

A uniform, increased rate of 12 cents per pound is provided for these publications regardless of weight of individual issue, with the present minimum charge of 1 cent per piece continued, as in both House and Senate versions.

Third-class mail

Individual piece rates are increased (a) on circulars and merchandise from 2 to 3 cents on the first 2 ounces and from 1 cent to 1.5 cents on each additional ounce, and (b) on the first 2 ounces of books and catalogs from 2 cents to 3 cents, as in both House and Senate versions. The increase on additional ounces of books and catalogs over the first 2 ounces is from 1.5 cents on each additional 2 ounces to 1.5 cents on each additional ounce, as in the Senate amendment.

The bulk rates on circulars, merchandise, books, and catalogs are identical to the bulk rates provided by the Senate amendment, as shown in the following table:

	Step 1	Step 2
	<i>Cents</i>	<i>Cents</i>
Circulars, merchandise, etc.—		
Per pound.....	16	
Minimum per piece.....	2	2.5
Books and catalogs—		
Per pound.....	¹ 10	
Minimum per piece.....	2	2.5

¹ Present rate continued.

The rates for step 1 and step 2 as shown in the above table are effective January 1, 1959, and July 1, 1960, respectively.

The minimum per piece rate on bulk mailings of nonprofit organizations will be increased from 1 cent to 1¼ cent, as in the Senate amendment, effective July 1, 1960.

Items of third-class mail may weigh up to, but not including, 16 ounces, as in the Senate amendment, compared to the present 8 ounce maximum.

The charge for odd sizes and shapes is increased from 3 cents to 6 cents, as in the Senate amendment.

The bulk mailing permit fee is increased from \$10 to \$20, as in both House and Senate versions.

Fourth-class mail

Book rates are increased from 8 cents on the first pound and 4 cents on each additional pound to 9 cents on the first pound and 5 cents on each additional pound. The House bill provided 10 cents on the first pound. The category of items subject to such rates is broadened, combining similar House and Senate provisions.

Existing library book rates are continued, extended to additional materials, and applied regardless of zone of delivery, combining similar House and Senate provisions.

The minimum weight for fourth-class mailings is increased from "over 8 ounces" to 16 ounces, as in the Senate bill.

Miscellaneous

(1) Free mailing of books for the blind is extended to individuals, (2) the inclusion of additional material in subscription notices in publications is authorized, (3) automatic step increases above step 4 are extended to employees in salary levels 10 and above, and (4) the Postmaster General is directed to study and report to the Congress on the desirability of standard envelope sizes for first- and third-class mailings, and of additional charges on envelopes not conforming to such dimensions, as in the Senate amendment.

Obsolete or unnecessary laws are repealed, including (1) a requirement for certification of certain postal costs to the Secretary of the Treasury and the Comptroller General, (2) a graduated scale of rates for publications based on the number of individually addressed copies per pound, (3) the exemption from advertising rates for publications having not over 5 percent advertising content (conforming to the new publishers' rates), and (4) a special rate for any one issue of a publication weighing not over 1 pound and mailed to a single zone, as in the Senate amendment.

Increased revenues from the postal rate increases are excluded in the determination of classes of post offices and compensation of postmasters and certain other employees, as in both House and Senate versions, based on certain estimates by the Postmaster General as provided in the Senate amendment.

Post Office Department contributions to the civil service retirement and disability fund are included in postal costs for the purpose of establishing postal rates, as in both House and Senate versions.

The requirement that the Postmaster General petition for fourth-class rate adjustments is revised to provide that such rates will assure that postal revenues and expenses for such mail will not vary by more than 4 percent. The House bill contained the same provision, but with a 1 percent variation.

The Secretary of Commerce and the Administrator of the Small Business Administration are required to study, and to report to the Congress on, the impact of third-class bulk rate increases on small business, mail users, and the national economy.

Postal policy

The conference substitute provides that the total loss on mail carried free or at reduced rates shall be considered as public service to be paid for from the general fund of the Treasury and not apportioned to other users of the mails. Appropriations to reimburse the postal service for such losses are authorized. The losses are the total losses on periodicals and on advertising mailed by nonprofit groups, Pan American Union mail (including mail of the diplomatic corps of the countries in the Union), free-in-county mail, books and other articles for the blind, Pan American Sanitary Bureau mail, mail sent under The Federal Voting Assistance Act of 1955, free mail for certain individuals, books mailed under the special book and library book rates, nonpostal services for other departments, special postal services such as c. o. d., etc., the loss on operation of star routes and third- and fourth-class post offices, and the added cost of United States mail sent by foreign air carriers at a higher Universal Postal Union rate.

The Postmaster General is directed to review and study, at least every 2 years, the postal rate structure, revenues and expenses related to the several classes of mail, and types of services and facilities to determine the need for postal rate adjustments in accordance with the policy provisions in the conference substitute. The Postmaster General will report to the Congress each second year on the results.

Postal Modernization Fund

The conference substitute establishes a Postal Modernization Fund in the Treasury, authorizes appropriations thereto for the fiscal years 1959, 1960, and 1961, provides for use of the Fund for research and the development and placing into operation of improved equipment and facilities, and prescribes conditions for the management of the Fund and reports of operations thereunder, based on similar provisions in the Senate amendment.

Postal pay

Postal employees are granted a permanent increase of 7½ percent plus a temporary increase for 3 years of 2½ percent in levels 1 through 6, and 1½ percent in level 7, of the PFS schedule, with comparable increases for rural carriers and fourth-class postmasters. Both increases are retroactive to the first pay period beginning on or after January 1, 1958.

TABLE OF PRESENT AND PROPOSED RATES

[In cents except as otherwise indicated]

Mail classification	Unit	Present	House bill				Senate amendment			Conference substitute		
First-class:												
Letters.....	Ounce.....	3.0	4.0				4.0 local; 5.0 nonlocal for 3 years ¹ 3.0			4.0		
Cards.....	Each.....	2.0	3.0				3.0			3.0		
Drop letters.....	Ounce.....	2.0	3.0				3.0			3.0		
Airmail:												
Letters.....	do.....	6.0	7.0				8.0			7.0		
Cards.....	Each.....	4.0	5.0				5.0			5.0		
			Steps				Steps			Steps		
			1st	2d	3d	4th	1st	2d	3d	1st	2d	3d
Second-class:												
Publishers outside county:												
Editorial.....	Pound.....	1.95	2.2	2.5	2.8	3.1	2.1	2.3	2.5	2.1	2.3	2.5
Advertising:												
Zones 1 and 2.....	do.....	1.95	2.2	2.5	2.8	3.1	2.2	2.6	3.0	2.2	2.6	3.0
Zone 3.....	do.....	2.6	3.0	3.4	3.8	4.2	3.0	3.5	4.0	3.0	3.5	4.0
Zone 4.....	do.....	3.9	4.5	5.1	5.7	6.2	4.5	5.2	6.0	4.5	5.2	6.0
Zone 5.....	do.....	5.2	6.0	6.8	7.5	8.3	6.0	7.0	8.0	6.0	7.0	8.0
Zone 6.....	do.....	6.5	7.5	8.4	9.4	10.4	7.7	8.7	10.0	7.7	8.7	10.0
Zone 7.....	do.....	7.8	9.0	10.1	11.3	12.5	9.2	11.0	12.0	9.2	11.0	12.0
Zone 8.....	do.....	9.1	10.5	11.8	13.2	14.6	11.0	12.5	14.0	11.0	12.5	14.0
Minimum per copy.....	Each.....	$\frac{1}{8}$	$\frac{1}{4}$				$\frac{1}{4}$	$\frac{3}{8}$	$\frac{1}{2}$	$\frac{1}{4}$	$\frac{3}{8}$	$\frac{1}{2}$
Nonprofit organizations.....	All units.....	All rates	Exempt				50 percent of regular rates			Exempt		
Transient.....	1st 2 oz.....	2.0	2.0				2.0			2.0		
	Added 2 oz.....	1.0	1.5									
	Added oz.....						1.0			1.0		
Third-class:												
Individual piece:												
Circulars, merchandise, and miscellaneous.....	1st 2 oz.....	2.0	3.0				3.0			3.0		
Books and catalogs.....	Added oz.....	1.0	1.5				1.5			1.5		
	1st 2 oz.....	2.0	3.0				3.0			3.0		
	Added 2 oz.....	1.5										
	Added oz.....		1.0				1.5			1.5		
Bulk mailings:												
Circulars, merchandise, and miscellaneous.....	Pound.....	14.0	16.0				16.0			16.0		
Books and catalogs.....	Piece min.....	1.5	2.5				² 2.0-2.5			² 2.0-2.5		
	Pound.....	10.0	12.0				10.0			10.0		
	Piece min.....	1.5	2.5				² 2.0-2.5			² 2.0-2.5		
Odd sizes.....	do.....	3.0	5.0				6.0			6.0		
Permit fee.....	Year.....	\$10	\$20				\$20			\$20		
⁴ Nonprofit organizations.....	Piece min.....	1.0	1.0				³ 1.25			³ 1.25		
Fourth-class: Books (other than library). Controlled circulation.....	1st pound.....	8.0	10.0				8.0			9.0		
	Added pound.....	4.0	5.0				4.0			5.0		
	Not over 8 oz.....	10.0	12.0				12.0			12.0		
	Over 8 oz.....	11.0	12.0				12.0			12.0		

¹ Cards wholly in original handwriting exempted and continued at present rate.² Increased in 2 steps.³ Increased rate applies when second step-increase in regular per piece minimum rates become effective.⁴ See page 31 for explanation of provisions of Senate amendment relating to such organizations.

A detailed explanation of the provisions of the House bill, the Senate amendment, and the conference substitute is set forth below:

EXPLANATION OF HOUSE BILL, SENATE AMENDMENT, AND CONFERENCE SUBSTITUTE

The text of the House bill consisted of two titles preceded by a short General Statement covering the scope and purpose of the House bill.

Title I provided for present increases in postal rates.

Title II contained a new postal policy, as conceived by the House, which would serve as a guide in the determination and adjustment of postal rates by the Congress from time to time in the future.

The Senate amendment to the House text consisted of four titles.

Title I set forth a postal policy, as conceived by the Senate, which would provide a basis for the determination and adjustment of the postal-rate structure from time to time by action of the Congress.

Title II provided for present increases in postal rates.

Title III established a Postal Modernization Fund to be available for the conduct of research and for the development, acquisition, and utilization of improved equipment and facilities for the performance of the postal function.

Title IV provided for increases in the rates of basic salary of postal field service employees.

The House bill contained no provisions comparable to title III or title IV of the Senate amendment.

Except for technical and minor drafting changes, the differences between the texts of the House bill, the Senate amendment, and the conference substitute are explained below.

PRELIMINARY GENERAL STATEMENT

HOUSE BILL: The House bill contained a General Statement immediately following the enacting clause which outlined the scope and purpose of the House bill.

This statement was to the effect that the Congress recognizes the necessity and desirability of adjustments in present postal rates and fees so that, insofar as consistent with the public interest and the postal rate policy set forth in title II of the House bill, postal revenues will more nearly equal postal expenses and postal service will be improved.

This statement also contained a provision to the effect that the Congress recognizes that it is necessary and desirable in the public interest that the Congress establish a firm policy with respect to postal activities, revenues, and expenses which will serve as a guide in the determination and adjustment by the Congress, from time to time, of the postal-rate structure.

SENATE AMENDMENT: The Senate amendment did not commence with a general statement, although ideas of the same general import may be found in the postal policy declaration contained in title I of the Senate amendment.

CONFERENCE SUBSTITUTE: The conference substitute omits the General Statement contained in the House bill.

POSTAL RATE INCREASES

Title I of the House bill and title II of the Senate amendment provided for increases in postal rates.

The postal rate increase provisions of the conference substitute are contained in title II of the conference substitute.

1. SHORT TITLE

HOUSE BILL: Section 101 of the House bill provided for title I of the House bill the short title "Postal Rate Increase Act, 1957".

SENATE AMENDMENT: Section 201 of the Senate amendment provided for title II of the Senate amendment the short title "Postal Rate Increase Act, 1958".

CONFERENCE SUBSTITUTE: The conference substitute adopts the Senate short title "Postal Rate Increase Act, 1958".

2. FIRST-CLASS MAIL

First-class mail includes all matter wholly or partly in writing (whether sealed or unsealed), except manuscript copy accompanying proofsheets or corrected proofsheets of the same and the writing authorized by law to be placed upon matter of other classes. First-class mail also includes matter sealed or otherwise closed against inspection.

HOUSE BILL: Letters. Section 102 (a) of the House bill proposed increases in the rate on *all* first-class letter mail from 3 cents to 4 cents an ounce or fraction thereof.

Post and postal cards and drop letters. Section 102 (b) of the House bill proposed increases in the rates on post cards, each portion of double post cards, and private mailing cards from 2 cents to 3 cents. The rate on "drop letters" (letters mailed for local delivery at post offices where free delivery by carrier is not established and where these letters are not collected or delivered by rural or star route carrier) also would be increased from 2 cents to 3 cents an ounce or fraction thereof.

SENATE AMENDMENT: Letters. Section 202 (a) of the Senate amendment proposed an increase in the rate on first-class letter mail mailed for *nonlocal delivery* from 3 cents to 5 cents an ounce or fraction thereof and an increase in the rate on first-class letter mail mailed for *local delivery* from 3 cents to 4 cents an ounce or fraction thereof.

The proposed 5-cent nonlocal delivery rate would expire on July 1, 1961, at which time the first-class letter rate would be uniform at 4 cents an ounce or fraction thereof.

Mail "for local delivery" would include mail originating within the delivery limits of a post office for delivery to an addressee located within the delivery limits of such post office. In addition, in large cities with densely-populated adjacent areas having two or more post offices, the Postmaster General would be authorized (in his discretion) to apply the concept of mail "for local delivery" for rate purposes to first-class matter mailed at one of such post offices and addressed for delivery at another of such offices.

Post and postal cards and drop letters. Section 202 (b) of the Senate amendment proposed increases (similar to those in the House bill) in

the rates on post cards, each portion of double post cards, private mailing cards, and drop letters, from 2 cents to 3 cents.

These proposed increases in the rates on post and postal cards would be qualified by section 202 (c) of the Senate amendment which provided that the rate on certain single postal cards and private mailing or post cards shall be 2 cents if the address and message thereon are wholly in original handwriting. The term "handwriting" does not include typewritten matter, matter which is a reproduction or imitation of handwriting prepared by mechanical, photographic, or other process, and any matter (whether or not handwritten) which is attached to the card. Section 202 (c) also provided that the Postmaster General may provide by regulation for the preparation and sale of postal cards of a distinctive color for transmission in the mails at the special 2-cent rate for cards in original handwriting.

CONFERENCE SUBSTITUTE: Letters. Section 202 (a) of the conference substitute, like section 102 (a) of the House bill, increased the rate on *all* first-class letter mail from 3 cents to 4 cents an ounce or fraction thereof.

Post and postal cards and drop letters. Section 202 (b) of the conference substitute, like section 102 (b) of the House bill, increased the rates on post cards, each portion of double post cards, and private mailing cards from 2 cents to 3 cents.

The rate on drop letters also is increased from 2 cents to 3 cents an ounce or fraction thereof as provided by the House bill.

Effective date. The effective date of rate increases on first-class letter mail, post and postal cards, and drop letters provided by the conference substitute is the first day of the first month which begins at least 40 days after the date of enactment of the conference substitute in lieu of October 1, 1957, as provided by the House bill and July 1, 1958, as provided by the Senate amendment.

3. DOMESTIC AIRMAIL

Domestic airmail includes letters and other matter weighing 8 ounces or less which is given preferential handling, including transportation by air.

HOUSE BILL: Letters, post and postal cards, and other matter. Section 103 of the House bill proposed an increase in the rate on airmail letters and other matter from 6 cents to 7 cents an ounce or fraction thereof. Section 103 also proposed an increase from 4 cents to 5 cents each in the rate on airmail postal cards and private mailing or post cards.

SENATE AMENDMENT: Letters, post and postal cards, and other matter. Section 202 (c) of the Senate amendment proposed an increase in the rate on airmail letters and other matter from 6 cents to 8 cents an ounce or fraction thereof (in lieu of the 7-cent rate proposed by the House bill). The proposed increase in the rate on airmail post and postal cards was from 4 cents to 5 cents each—the same as the House bill.

CONFERENCE SUBSTITUTE: Letters, post and postal cards, and other matter. Section 203 of the conference substitute, like section 103 of the House bill, increases the rate on airmail letters and other matter from 6 cents to 7 cents an ounce or fraction thereof. Also, the rate on airmail postal cards and private mailing or post cards is

increased from 4 cents to 5 cents each, as provided by section 103 of the House bill.

The effective date of these rate increases on domestic airmail provided by the conference substitute is the first day of the first month which begins at least 40 days after the date of enactment of the conference substitute in lieu of October 1, 1957, as provided in the House bill, and July 1, 1958, as provided in the Senate amendment.

4. SECOND-CLASS MAIL

Second-class mail consists of *publishers' second-class mail* (periodical publications, newspapers, and magazines, mailed by publishers and news agents) and *transient second-class mail* (publications entered as second-class matter when sent by others than the publishers or news agents).

HOUSE BILL: Publishers' second-class mail. Section 104 (a) of the House bill proposed an increase in the pound rates on the advertising and nonadvertising portions of publications mailed by publishers or news agents, addressed for delivery outside the county of publication, by four annual increments of approximately 15 percent each. Such section 104 (a) retained those provisions of existing law under which the nonadvertising rate applies with respect to the entire publication if not more than 5 percent of the space of the publication is devoted to advertising. This increase proposed by section 104 (a) would not apply to newspaper issues having press runs of 5,000 copies or less and the applicable existing rates would continue to be in effect with respect to such issues until otherwise provided by Congress. Also, this increase would not apply to publications of nonprofit religious, educational, scientific, philanthropic, agricultural, labor, veterans', or fraternal organizations or associations or to publications of a religious, educational, or scientific nature designed specifically for use in classrooms or in religious instruction classes.

Minimum charge per piece on individually addressed copies of second-class mail publications mailed by publishers and news agents. Section 104 (b) of the House bill proposed an increase from one-eighth cent per piece to one-fourth cent per piece in the minimum charge per piece on each individually addressed copy of a second-class mail publication mailed by a publisher or news agent. This increase in the minimum charge per piece would not apply to copies of publications mailed for delivery within the county of mailing. Also, this minimum charge per piece increase would not apply to copies of publications mailed by the above-listed types of nonprofit organizations and associations or of the above-mentioned publications for classroom use.

Transient Second-Class Mail. Section 104 (c) of the House bill proposed a rate increase, for publications having second-class entry mailed by others than the publishers or authorized news agents or mailed as sample copies in excess of the 10 percent allowance at the publishers' rate, from the present rate of 2 cents for the first 2 ounces and 1 cent for each additional 2 ounces or fraction thereof to 2 cents for the first 2 ounces and 1½ cents for each additional 2 ounces or fraction thereof.

Special "break-even" publishers' and news agents' rates. Section 104 (d) of the House bill proposed the establishment of special "break-

even" rates for the mailings of individual publishers and news agents in those cases occurring in any fiscal year (beginning with the fiscal year ending June 30, 1958) in which the costs incurred by the Post Office Department exceeded by \$100,000 the revenues received by the Department in connection with the mailings of the individual publisher or news agent concerned. These special rates would be fixed and determined by the Postmaster General, for the remainder of the fiscal year concerned, on a basis which would effect, as nearly as practicable, the equalization of revenues and costs for the mailings of the individual publisher or news agent concerned. At the beginning of the fiscal year immediately following the fiscal year in which the Postmaster General established these special rates for the mailings of any individual publisher or news agent, the regular rates again would apply to such mailings, subject, however, to a possible subsequent imposition of special rates for the remainder of the fiscal year if the \$100,000 loss limit again were exceeded.

These special "break-even" rate provisions were made expressly inapplicable to any newspaper or periodical maintained by and in the interests of any nonprofit religious, educational, scientific, philanthropic, agricultural, labor, veterans', or fraternal organization or association, to any religious, educational, or scientific publication designed specifically for use in school classrooms or in religious instruction classes, and to any such nonprofit organization or association itself.

No provisions for special "break-even" publishers' and news agents' rates were contained in the Senate amendment.

SENATE AMENDMENT: Publishers' second-class mail. Section 203 (a) of the Senate amendment proposed an increase in the pound rates on the *nonadvertising portions* of publications mailed by publishers or news agents, addressed for delivery outside the county of publication, by three annual increments of approximately 10 percent each, effective, respectively, on July 1, 1958, July 1, 1959, and July 1, 1960. Section 203 (a) also proposed an increase in the pound rates on the *advertising portions* of such publications by three annual increments of approximately 20 percent each, also effective, respectively, on such dates.

Under existing law and under section 104 (a) of the House bill, the nonadvertising rate applies with respect to the entire publication if not more than 5 percent of the space of the publication is devoted to advertising. Under the proposal contained in section 203 (a) of the Senate amendment, this existing 5 percent provision is eliminated and the advertising rate would apply to the advertising portion even though the advertising portion is less than 5 percent.

Publications of nonprofit organizations or associations and publications designed for classroom use. Section 203 (b) of the Senate amendment proposed an adjustment in the rates of postage on newspapers and periodicals maintained by and in the interests of nonprofit religious, educational, scientific, philanthropic, agricultural, labor, veterans', or fraternal organizations or associations, as follows: on and after July 1, 1958, the regular pound rate or minimum rate, as applicable, reduced by 50 percent. Section 203 (b) also proposed an adjustment in the rates of postage on religious, educational, or scientific publications designed specifically for use in school classrooms or in religious instruction classes, as follows: on and after July 1, 1958,

the regular pound rate or minimum rate, as applicable, reduced by 35 percent. The House bill contained no provisions comparable to the foregoing two provisions but retained existing rates on publications of such nonprofit organizations and associations and on publications designed for classroom use.

Minimum charge per piece on individually addressed copies of second-class mail publications mailed by publishers and news agents. Section 203 (c) of the Senate amendment proposed an increase in the existing rate of one-eighth cent per piece in the minimum charge per piece on each individually addressed copy of a second-class mail publication mailed by a publisher or news agent, as follows: to one-fourth of one cent, effective July 1, 1958; to three-eighths of one cent, effective July 1, 1959; and to one-half of one cent, effective July 1, 1960. In accordance with the provisions contained in section 203 (b), the increased minimum charge per piece applicable to publications of nonprofit organizations and associations would be reduced by 50 percent and the minimum charge per piece applicable to publications designed for classroom use would be reduced by 35 percent. However, publication copies entitled to the free-in-county mailing privilege would be exempted from the increases provided by section 203 (c).

Transient Second-Class Mail. Section 203 (d) of the Senate amendment proposed a rate increase, effective on July 1, 1958, for publications having second-class entry mailed by others than the publishers or authorized news agents or mailed as sample copies in excess of the 10 percent allowance at the publishers' rate, from the present rate of 2 cents for the first 2 ounces and 1 cent for each additional 2 ounces or fraction thereof to 2 cents for the first 2 ounces and 1 cent for each additional ounce or fraction thereof.

Admission to Second-Class Mail Category of Publications With Board, Cloth, Leather, and Other Substantial Bindings. Section 14 of the Act of March 3, 1879, as amended (39 U. S. C. 226), contains conditions governing the admission of publications to the second-class mail privilege. The third of these conditions now requires that the publication " * * * must be formed of printed paper sheets, without board, cloth, leather, or other substantial binding, such as distinguish printed books for preservation from periodical publications * * * ". This existing provision has the effect of denying the second-class mail privilege to publications having substantial bindings.

Section 203 (e) of the Senate amendment proposed to change this provision, effective on the date of enactment, in order to make the second-class mailing privilege available to publications having board, cloth, leather, or other substantial bindings.

The House bill contained no provision comparable to that contained in such section 203 (e).

Application of Second-Class Mail Rates to Advertising Portions of Publications Entered as Second-Class Matter. Section 203 (f) of the Senate amendment contained an amendment to section 202 (a) of the Act of February 28, 1925 (39 U. S. C. 283). This amendment reaffirms, in effect, that provision of law which requires the payment of second-class mail advertising rates on advertisements which are inserted in and attached permanently to a publication.

The amendment proposed by section 203 (f) of the Senate amendment is consistent with the amendment proposed by section 203 (e) of the Senate amendment, which proposed to remove from existing

law the requirement that a publication “* * * must be formed of printed paper sheets * * *” in order to gain admission to the second-class mail privilege.

In conformity with existing law, the Post Office Department has held consistently that there could not be included in publications admitted to the second-class mail privilege those advertisements which, in effect, did not consist of printed *paper* sheets—that is, advertisements printed upon and consisting of foil laminates and similar materials, which (although in sheet form) are not “printed paper sheets” and, in many instances, constitute actual samples of the product advertised.

There is an increasing use of foil laminates and other material not constituting “printed paper sheets” for advertisement purposes. The proposed elimination from the law by sections 203 (e) and 203 (f) of the Senate amendment of the requirement that the second-class mail publication sheets be of *paper* will permit the Post Office Department to revise its rulings in this area in keeping with existing circumstances and conditions and modern practices.

The House bill contained no provision comparable to section 203 (f) of the Senate amendment.

CONFERENCE SUBSTITUTE: Publishers' second-class mail. Section 204 (a) of the conference substitute adopts the provisions of section 203 (a) of the Senate amendment, which provided three annual increases in the pound rates on publishers' second-class mail, except that the conference substitute provides that the three annual increases in such pound rates will become effective on January 1, 1959, January 1, 1960, and January 1, 1961, respectively, instead of July 1, 1958, July 1, 1959, and July 1, 1960, as provided by the Senate amendment.

Minimum charge per piece on individually addressed copies of second-class mail publications mailed by publishers and news agents. Section 204 (b) of the conference substitute is similar, in general, to section 203 (c) of the Senate amendment, which provided three annual increases (instead of a single increase as provided by the House bill) in the minimum charge per piece on individually addressed copies of second-class mail publications mailed by publishers and news agents. However, the conference substitute provides that the three annual increases in such minimum charge per piece will become effective on January 1, 1959, January 1, 1960, and January 1, 1961, respectively, instead of July 1, 1958, July 1, 1959, and July 1, 1960, as provided by the Senate amendment.

The conference substitute, like the House bill and the Senate amendment, exempts from any such increase in such minimum charge per piece the copies of publications mailed for delivery within the county of mailing.

In addition, the conference substitute, in a manner identical to the manner provided by section 104 (b) of the House bill, provides that in no case shall the postage on each individually addressed copy of a publication mailed by certain types of nonprofit organizations, or on certain publications of a religious, educational, or scientific nature designed for instruction purposes, be less than the existing minimum charge per piece of one-eighth of 1 cent. The immediately preceding provision with respect to certain publications mailed by certain nonprofit organizations and certain publications for instruction purposes

is adopted by the conference substitute in lieu of those provisions contained in section 203 (b) of the Senate amendment, which provided, in part, for certain percentage reductions in the regular minimum rate applicable to such organizations and publications and which is eliminated from the conference substitute.

Transient second-class mail. Section 204 (c) of the conference substitute adopts the provisions of section 203 (d) of the Senate amendment, which proposed a rate increase for publications having second-class entry mailed by others than the publishers or authorized news agents or mailed as sample copies in excess of the 10 percent allowance at the publishers' rate, from the present rate of 2 cents for the first 2 ounces and 1 cent for each *additional 2 ounces* or fraction thereof to 2 cents for the first 2 ounces and 1 cent for each *additional ounce* or fraction thereof.

The effective date of the rate prescribed by section 204 (c) of the conference substitute is the first day of the first month which begins at least 40 days after the date of enactment of the conference substitute in lieu of the effective date of July 1, 1958, provided by the Senate amendment.

Admission to second-class mail category of publications with board, cloth, leather, and other substantial bindings. Section 204 (d) of the conference substitute has the same purpose and effect as section 203 (e) of the Senate amendment (discussed above), which makes the second-class mailing privilege available to publications having substantial bindings. The House bill contained no such provision.

Section 204 (d) of the conference substitute, like section 203 (e) of the Senate amendment, is effective on the date of enactment.

Application of second-class mail rates to advertising portions of publications entered as second-class matter. Section 204 (e) of the conference substitute adopts the provisions of section 203 (f) of the Senate amendment (discussed above), which reaffirms certain existing law which requires the payment of second-class mail advertising rates on advertisements inserted in and attached permanently to a publication. The House bill contained no such provisions.

Section 204 (e) of the conference substitute, like section 203 (f) of the Senate amendment, is effective on the date of enactment.

Elimination of House provision for special "break-even" publishers' and news agents' rates. The conference substitute, like the Senate amendment, does not contain any provision similar to section 104 (d) of the House bill (discussed above), which provided for special "break-even" publishers' and news agents' rates.

Elimination of Senate provision establishing regular pound and minimum rates less specified percentages for publications of certain nonprofit organizations and certain educational publications. The conference substitute, like the House bill, does not contain any provision similar to section 203 (b) of the Senate amendment (discussed above), which established the regular second-class mail pound and minimum rates reduced by certain specified percentages for publications of certain nonprofit organizations and certain educational publications.

5. CONTROLLED CIRCULATION PUBLICATIONS

Controlled circulation publications are publications which contain 24 pages or more, are issued at regular intervals of four or more

times a year, have 25 percent or more of their pages devoted to text or reading matter and not more than 75 percent devoted to advertising, and are circulated free or mainly free.

HOUSE BILL AND SENATE AMENDMENT: Section 105 of the House bill and section 203 (g) of the Senate amendment amend section 203 of the Postal Rate Revision and Federal Employees Salary Act of 1948 (62 Stat. 1262; 39 U. S. C. 291b) in which the Congress established a special uniform rate of 10 cents a pound or fraction thereof (regardless of the weight of the individual issue) computed on the entire bulk mailed at one time, but subject to a minimum rate of 1 cent per piece.

The Postmaster General, with the concurrence of the Interstate Commerce Commission, increased the rate on controlled circulation publications weighing over eight ounces from 10 cents to 11 cents a pound or fraction thereof (291 I. C. C. 148; Docket 31074, "Increased Parcel Post Rates", 1953), thus distorting the uniform rate for such publications established by the Congress in the Postal Rate Revision and Federal Employees Salary Act of 1948. Both the House bill and the Senate amendment would correct this situation by establishing a uniform rate of 12 cents a pound or fraction thereof (regardless of the weight of the individual issue), subject to the existing minimum rate of 1 cent per piece, and by providing that the rates thus established for these publications "* * * shall remain in effect until otherwise provided by the Congress * * *".

CONFERENCE SUBSTITUTE: Section 204 (f) of the conference substitute contains the same provisions as the House bill and the Senate amendment with respect to controlled circulation publications, except that the effective date of the rates of postage provided by such section 204 (f) is the first day of the first month which begins at least 40 days after the date of enactment of the conference substitute.

6. THIRD-CLASS MAIL

Third-class mail, which now has a limit of weight of 8 ounces, includes circulars, miscellaneous printed matter, merchandise, books and catalogs of 24 pages or more, seeds, cuttings, bulbs, roots, scions, plants, and other matter not in the first-class mail or second-class mail categories and weighing 8 ounces or less.

HOUSE BILL: *Circulars, merchandise, miscellaneous printed matter, and other third-class matter generally (except books and catalogs of 24 pages or more, seeds, cuttings, bulbs, roots, scions, and plants, and matter mailed in bulk).* Section 106 of the House bill proposed an increase in the individual rate per piece on third-class mail matter generally from 2 cents for the first 2 ounces or fraction thereof and 1 cent for each additional ounce or fraction thereof (up to and including 8 ounces in weight) to 3 cents for the first 2 ounces or fraction thereof and 1½ cents for each additional ounce or fraction thereof (up to and including 8 ounces in weight). This increase was not applicable to books and catalogs of 24 pages or more, seeds, cuttings, bulbs, roots, scions, and plants, and matter mailed in bulk.

Books and catalogs of 24 pages or more, seeds, cuttings, bulbs, roots, scions, and plants. Section 106 of the House bill also proposed an increase in the individual rate per piece on books and catalogs of 24

pages or more, seeds, cuttings, bulbs, roots, scions, and plants, from 2 cents for the first 2 ounces or fraction thereof and $1\frac{1}{2}$ cents for each additional 2 ounces or fraction thereof (up to and including 8 ounces in weight) to 3 cents for the first 2 ounces or fraction thereof and 1 cent for each additional ounce or fraction thereof (up to and including 8 ounces in weight).

Increase in third-class bulk mail permit fee. The third-class bulk mail privilege or so-called "bulk mailing service", as authorized by section 3 of the Act of October 30, 1951 (65 Stat. 673; 39 U. S. C. 290a-1), involves the acceptance and transmission in the mails, upon payment of a fee of \$10.00 for each calendar year or portion thereof and in accordance with certain regulations of the Postmaster General, of separately addressed identical pieces of third-class mail matter in quantities of not less than 20 pounds or of not less than 200 pieces, subject to the pound rates of postage applicable to the entire bulk mailed at one time.

Section 106 of the House bill proposed an increase in such annual bulk mail permit fee from \$10.00 to \$20.00.

Increase in third-class bulk mail rates generally (except books and catalogs of 24 pages or more, seeds, cuttings, bulbs, roots, scions, and plants). Section 106 of the House bill also proposed an increase in the present rates on third-class bulk mail matter generally from 14 cents a pound or fraction thereof (with a minimum charge per piece of $1\frac{1}{2}$ cents) to 16 cents a pound or fraction thereof (with a minimum charge per piece of $2\frac{1}{2}$ cents). This increase did not apply to books and catalogs of 24 pages or more, seeds, cuttings, bulbs, roots, scions, and plants.

Increase in third-class bulk mail rates on books and catalogs of 24 pages or more, seeds, cuttings, bulbs, roots, scions, and plants. Section 106 of the House bill also proposed an increase in the present third-class bulk mail rates on books and catalogs of 24 pages or more, seeds, cuttings, bulbs, roots, scions, and plants from 10 cents a pound or fraction thereof (with a minimum charge per piece of $1\frac{1}{2}$ cents) to 12 cents a pound or fraction thereof (with a minimum charge per piece of $2\frac{1}{2}$ cents).

Increase in minimum charge for odd-size pieces of third-class mail. Section 106 of the House bill also proposed an increase from 3 cents to 5 cents in the minimum charge on each odd-size piece of third-class mail—that is, a piece or package of such size or form as to prevent ready facing and tying in bundles and requiring individual distributing.

SENATE AMENDMENT: Increase in postage rate and maximum weight limitation on third-class mail matter generally. Section 204 of the Senate amendment proposed an increase in the individual rate per piece and the maximum weight limitation on third-class mail matter generally from 2 cents for the first 2 ounces or fraction thereof and 1 cent for each additional ounce or fraction thereof up to and including 8 ounces in weight, to 3 cents for the first 2 ounces or fraction thereof and $1\frac{1}{2}$ cents for each additional ounce or fraction thereof, up to but not including 16 ounces in weight. These increases would have applied to third-class mail matter generally, such as circulars, miscellaneous printed matter, merchandise, books and catalogs of 24 pages or more, seeds, cuttings, bulbs, roots, scions, and plants, but not to matter mailed in bulk.

In effect, this provision of section 204 of the Senate amendment provided a uniform piece rate on single mailings for all third-class mail and changed the maximum weight limitation for third-class mail from "over 8 ounces" up to but not including 16 ounces.

Increase in third-class bulk mail permit fee. Section 204 of the Senate amendment contained a provision (identical to a corresponding provision of section 106 of the House bill) which proposed an increase in the annual third-class bulk mail permit fee from \$10.00 to \$20.00.

Increase in third-class bulk mail rates generally (except books and catalogs of 24 pages or more, seeds, cuttings, bulbs, roots, scions, and plants). Section 204 of the Senate amendment proposed an increase in the existing rates on third-class bulk mail matter generally from 14 cents a pound or fraction thereof, with a minimum charge per piece of 1½ cents, to 16 cents a pound or fraction thereof, with a minimum charge per piece of 2 cents for the period beginning on July 1, 1958, and ending on June 30, 1959, and a minimum charge per piece of 2½ cents, effective on and after July 1, 1959. This increase did not apply to books and catalogs of 24 pages or more, seeds, cuttings, bulbs, roots, scions, and plants.

Increase in the third-class bulk mail minimum charge per piece on books and catalogs of 24 pages or more, seeds, cuttings, bulbs, roots, scions, and plants. Section 204 of the Senate amendment also proposed an increase in the existing third-class bulk mail minimum charge per piece on books and catalogs of 24 pages or more, seeds, cuttings, bulbs, roots, scions, and plants from 1½ cents to 2 cents for the period beginning on July 1, 1958, and ending on June 30, 1959, and 2½ cents, effective on and after July 1, 1959.

Increase in minimum charge for odd-size pieces of third-class mail. Section 204 of the Senate amendment also proposed an increase from 3 cents to 6 cents in the minimum charge on each odd-size piece of third-class mail.

Application of increased regular third-class mail rates to third-class mail matter of nonprofit organizations or associations, with 50 percent reduction in minimum charge per piece on bulk mail matter of such organizations or associations. Section 204 of the Senate amendment also made the regular third-class mail rates (as increased by section 204) applicable to the third-class matter mailed by nonprofit religious, educational, scientific, philanthropic, agricultural, labor, veterans', or fraternal organizations or associations. Section 204 also provided that the minimum charge per piece on the bulk mail matter of each such organization or association would be 50 percent of the regular minimum charge.

The House bill made no change in the existing third-class mail rates with respect to such organizations and associations.

CONFERENCE SUBSTITUTE: Increase in postage rate and maximum weight limitation on third-class mail matter generally. Section 205 (1) of the conference substitute, which adopts the provisions of section 204 (1) of the Senate amendment (discussed above), makes two significant changes with respect to postal rates on third-class mail matter.

First, section 205 (1) of the conference substitute provides a *uniform* individual rate per piece on *all* third-class mail matter (except bulk mail matter), thus eliminating from existing law a separate individual

per piece rate on books and catalogs of 24 pages or more, seeds, cuttings, roots, bulbs, scions, and plants.

Second, such section 205 (1) increases the maximum weight limitation for third-class mail from "up to and including eight ounces" to "up to but not including 16 ounces".

This increase in individual rate per piece and in maximum weight limitation is from 2 cents for the first 2 ounces or fraction thereof and 1 cent for each additional ounce or fraction thereof, up to and including 8 ounces in weight, to 3 cents for the first 2 ounces or fraction thereof and 1½ cents for each additional ounce or fraction thereof, up to but not including 16 ounces in weight. The increase provided by section 205 (1) of the conference substitute applies to individual pieces of third-class mail generally, such as circulars, miscellaneous printed matter, merchandise, books and catalogs of 24 pages or more, seeds, cuttings, bulbs, roots, scions, and plants.

Section 106 (1) of the House bill (discussed above) proposed an increase in the third-class mail individual rate per piece similar to the increase provided by the conference substitute, with two principal differences, as follows:

First, section 106 (1) of the House bill proposed no change in maximum weight limitation for third-class mail.

Second, such section 106 (1) proposed to retain a separate individual rate per piece on books and catalogs of 24 pages or more, seeds, cuttings, bulbs, roots, scions, and plants by providing for an increase in the existing separate per piece rate for the foregoing items from 2 cents for the first 2 ounces or fraction thereof and 1½ cents for each additional 2 ounces or fraction thereof (up to and including 8 ounces in weight) to 3 cents for the first 2 ounces or fraction thereof and 1 cent for each additional ounce or fraction thereof (up to and including 8 ounces in weight).

The effective date of the rate adjustment provided by section 205 (1) of the conference substitute is the first day of the first month which begins at least 40 days after the date of enactment, in lieu of the effective dates of October 1, 1957, as provided by the House bill, and July 1, 1958, as provided by the Senate amendment.

Increase in third-class bulk mail permit fee. Section 205 (2) of the conference substitute contains provisions identical to section 106 (2) of the House bill and section 204 (2) of the Senate amendment, both of which propose an increase in the third-class bulk mail permit fee from \$10 to \$20. The effective date of this increase in the third-class bulk mail permit fee is January 1, 1959, as provided by the conference substitute and the Senate amendment, in lieu of the comparable effective date of January 1, 1958 (now obsolete) provided by the House bill.

Increase in third-class bulk mail rates generally (except books and catalogs of 24 pages or more, seeds, cuttings, bulbs, roots, scions, and plants). Section 205 (3) of the conference substitute increases the existing rates on third-class bulk mail matter generally from 14 cents a pound or fraction thereof, with a minimum charge per piece of 1½ cents, to 16 cents a pound or fraction thereof, effective on and after January 1, 1959, with a minimum charge per piece of 2 cents for the period beginning on January 1, 1959, and ending on June 30, 1960, and a minimum charge per piece of 2½ cents, effective on and after July 1, 1960. These increases do not apply to books and catalogs of 24 pages or more, seeds, cuttings, bulbs, roots, scions, and plants.

Section 205 (3) of the conference substitute is similar to section 106 (3) of the House bill and section 204 (3) of the Senate amendment, except that, under the House bill, the increase in minimum charge per piece to 2½ cents was to be made in one step, effective on and after October 1, 1957, and, under the Senate amendment, while the increase in minimum charge per piece was to be made in two steps, the first increase was to become effective on July 1, 1958, rather than January 1, 1959, and the second increase was to become effective on July 1, 1959, rather than July 1, 1960.

Increase in third-class bulk mail minimum charge per piece on books and catalogs of 24 pages or more, seeds, cuttings, bulbs, roots, scions, and plants. Section 205 (3) (B) of the conference substitute increases the present third-class bulk mail minimum charge per piece on books and catalogs of 24 pages or more, seeds, cuttings, bulbs, roots, scions, and plants from 1½ cents to 2 cents for the period beginning on January 1, 1959, and ending on June 30, 1960, and 2½ cents, effective on and after July 1, 1960.

This minimum charge per piece increase made by section 205 (3) (B) of the conference substitute is similar to the comparable increase provided by section 106 (3) (B) of the House bill and section 204 (3) (B) of the Senate amendment, except that, under the House bill, the increase in minimum charge per piece to 2½ cents was to be made in one step, effective on and after October 1, 1957, and, under the Senate amendment, while the increase in minimum charge per piece was to be made in two steps, the first increase was to become effective on July 1, 1958, rather than January 1, 1959, and the second increase was to become effective on July 1, 1959, rather than July 1, 1960.

Elimination of House provision increasing third-class bulk mail pound rate on books and catalogs of 24 pages or more, seeds, cuttings, bulbs, roots, scions, and plants. Section 106 (3) (C) of the House bill proposed to increase the third-class bulk mail pound rate on books and catalogs of 24 pages or more, seeds, cuttings, bulbs, roots, scions, and plants from 10 cents a pound or fraction thereof to 12 cents a pound or fraction thereof.

The conference substitute and the Senate amendment do not contain such provision.

Increase in minimum charge for odd-size pieces of third-class mail. Section 205 (5) of the conference substitute, like section 204 (5) of the Senate amendment, increases from 3 cents to 6 cents the minimum charge on each odd-size piece of third-class mail. This increase provided by the conference substitute becomes effective on the first day of the first month which begins at least 40 days after the date of enactment of the conference substitute.

Section 106 (5) of the House bill proposed to increase such minimum charge to 5 cents, effective on October 1, 1957.

Application of increased regular third-class mail rates to third-class mail matter of nonprofit organizations or associations, with 50 percent reduction in minimum charge per piece on bulk mail matter of such organizations and associations. Section 205 (6) of the conference substitute makes the regular third-class mail rates, as increased by section 205, applicable on and after January 1, 1959, to the third-class matter mailed by nonprofit religious, educational, scientific, philanthropic, agricultural, labor, veterans', or fraternal organizations and

associations, except that the minimum charge per piece on the bulk mail matter of each such organization or association will be 50 percent of the regular minimum charge. Section 204 (6) of the Senate amendment contained a similar provision except that the effective date was July 1, 1958. The House bill contained no such provision.

7. FOURTH-CLASS MAIL

Fourth-class mail, which now has a limit of weight of over 8 ounces to 70 pounds, in general includes merchandise, printed matter, and other mailable matter, which is not within the purview of any of the other classes of mail.

HOUSE BILL: Increase in the regular fourth-class mail preferential book rate and enlargement of categories of items eligible for such book rate. Section 107 of the House bill proposed an increase from 8 cents for the first pound or fraction thereof and 4 cents for each additional pound or fraction thereof to 10 cents for the first pound or fraction thereof and 5 cents for each additional pound or fraction thereof in the existing fourth-class mail postage rates for books generally.

These fourth-class mail book rates are now applicable, however, only to those books which are permanently bound for preservation and consist wholly of reading matter or of reading matter with incidental blank spaces for students' notations and contain no advertising matter other than incidental announcements of books. These rates also now apply to sixteen-millimeter films and sixteen-millimeter film catalogs when sent through the mails except when sent to commercial theaters.

Section 107 proposed to enlarge the category of books eligible for this book rate, as increased by the House bill, by making specific reference to books consisting of "scholarly bibliography". Also, section 107 would enlarge the category of other items now eligible for the book rate so as to include, in addition to the sixteen-millimeter films and film catalogs, (A) printed music in bound form or sheet form, (B) certain types of printed objective test materials and accessories thereto used by or in behalf of educational institutions, and (C) manuscripts for books, periodical articles, and music.

Extension of existing fourth-class mail library book rate. Section 107 of the House bill also proposed an extension of the so-called fourth-class library book rate.

Section 204 (e) of the Postal Rate Revision and Federal Employees Salary Act of 1948 (39 U. S. C. 292a (e)) now provides the rate of 4 cents for the first pound or fraction thereof and 1 cent for each additional pound or fraction thereof for books, consisting wholly of reading matter and containing no advertising matter other than incidental announcements of books, when sent by public libraries and nonprofit organizations or associations for certain library purposes and also when returned to such libraries, organizations, and associations. This rate is the so-called "library book rate". The library book rate also now applies to sixteen-millimeter films, filmstrips, projected transparencies and slides, microfilms, sound recordings, and catalogs of such materials when sent to or from (A) schools, colleges, universities, or public libraries and (B) nonprofit religious, educational, scientific, philanthropic, agricultural, labor, veterans', and fraternal organizations or associations.

Although section 107 of the House bill did not propose any increase in the library book rate, such section did propose an extension of such rate in three ways.

First, section 107 proposed an enlargement of the category of items eligible for the library book rate to include (A) books consisting of "scholarly bibliography or reading matter with incidental blank spaces for students' notations", (B) printed music in bound form or sheet form, (C) bound volumes of academic theses in typewritten or other duplicated form, (D) bound volumes of periodicals, and (E) other library materials in printed, duplicated, or photographic form or in the form of unpublished manuscripts.

Second, section 107 proposed the extension of the library book rate (now applicable to eligible items sent to and from public libraries and nonprofit organizations or associations) to such items sent to and from schools, colleges, and universities and to nonprofit public libraries and nonprofit organizations and associations of the type listed above.

Third, section 107 changed existing law, which now limits the application of the library book rate to mailings addressed for local delivery, or for delivery in the first, second, or third postal zone or in the State of mailing, so as to permit the application of the library book rate regardless of the postal zone of delivery.

SENATE AMENDMENT: Increase in minimum weight limitation for fourth-class mail. Section 205 (a) of the Senate amendment proposed an increase in the minimum weight limitation for fourth-class mail from "over eight ounces" to sixteen ounces. This increase in the *fourth-class* mail *minimum* weight limitation conformed to the increase made by section 204 of the Senate amendment in the *maximum* weight limitation for *third-class* mail.

In connection with the increase in the minimum weight limitation for fourth-class mail proposed by section 205 (a) of the Senate amendment, it may be noted that section 205 (c) of the Senate amendment proposed other conforming changes in existing law in order to reflect the increase in such minimum weight limitation.

The House bill contained no such changes in the weight limitations for third-class mail and fourth-class mail.

Enlargement of categories of items eligible for the regular fourth-class mail preferential book rate. Section 205 (b) of the Senate amendment proposed an enlargement of the categories of items now eligible for the regular fourth-class mail preferential book rate. These existing items are set forth above in connection with the discussion of the proposed enlargement by section 107 of the House bill of the eligibility of such items for the regular fourth-class mail preferential book rate, that is, books permanently bound and consisting of reading matter, etc., and certain sixteen-millimeter films and film catalogs.

Section 205 (b) of the Senate amendment broadened this category of eligible items to include the same additional items as those proposed by section 107 of the House bill. In addition, section 205 (b) proposed the extension of the book rate to phonographic recordings.

However, section 205 (b) did not contain a proposal (similar to that contained in the House bill) for an increase in the regular fourth-class mail preferential book rate.

Extension of fourth-class mail library book rate. Section 205 (b) of the Senate amendment also contained a proposal to extend the

fourth-class mail library book rate. This proposal was the same as the proposal contained in section 107 of the House bill (discussed above), except that, in addition, the Senate amendment proposed the extension of the library book rate to phonographic recordings.

CONFERENCE SUBSTITUTE: Increase in minimum weight limitation for fourth-class mail. Sections 206 (a) and 206 (c) of the conference substitute adopt the provisions of section 205 (a) and section 205 (c) of the Senate amendment, which, in effect, increase the minimum weight limitation for fourth-class mail from "over eight ounces" to 16 ounces. The effective date of these provisions of the conference substitute is the first day of the first month which begins at least 40 days after the date of enactment of the conference substitute. The House bill contained no such provisions.

Increase in the regular fourth-class mail preferential book rate and enlargement of categories of items eligible for such book rate. Section 206 (b) of the conference substitute increases from 8 cents for the first pound or fraction thereof and 4 cents for each additional pound or fraction thereof to 9 cents for the first pound or fraction thereof and 5 cents for each additional pound or fraction thereof the existing fourth-class mail postage rates for books generally. Section 107 of the House bill provided a comparable increase from 8 cents and 4 cents to 10 cents and 5 cents in the regular fourth-class mail preferential book rate. The Senate amendment contained no such increase.

Section 206 (b) of the conference substitute also adopts those provisions of section 107 of the House bill and section 205 (b) of the Senate amendment which enlarge the category of books eligible for the regular book rate by including books consisting of "scholarly bibliography" and which enlarge the category of other items eligible for the regular book rate. These items are set forth in the discussion of section 107 of the House bill. In addition, section 206 (b) of the conference substitute extends the regular book rate to phonographic recordings, as provided in section 205 (b) of the Senate amendment.

The effective date of the regular book rate provisions of section 206 (b) of the conference substitute is the first day of the first month which begins at least 40 days after the date of enactment of the conference substitute in lieu of October 1, 1957, as provided by the House bill, and July 1, 1958, as provided by the Senate amendment.

Extension of fourth-class library book rate. Section 206 (b) of the conference substitute adopts the provisions of both section 107 of the House bill and section 205 (b) of the Senate amendment with respect to the extension of the fourth-class library book rate. This extension of the library book rate is discussed above in detail in connection with section 107 of the House bill. In addition, the conference substitute adopts the provisions of the Senate amendment which extend the library book rate to phonographic recordings.

The effective date of library book rate provisions of section 206 (b) of the conference substitute is the first day of the first month which begins at least 40 days after the date of enactment of the conference substitute in lieu of October 1, 1957, as provided by the House bill, and July 1, 1958, as provided by the Senate amendment.

8. MAIL TO AND FROM ARMY AND FLEET POST OFFICES

SENATE AMENDMENT: Section 206 of the Senate amendment pertained to mail sent to and from Army and Fleet Post Offices.

Section 206 (a) would permit, effective July 1, 1958, the transmission in the mails free of postage, under regulations of the Postmaster General, of admissible first-class letter mail sent by any person having an Army Post Office or Fleet Post Office address.

Section 206 (b) would permit, effective July 1, 1958, the transmission in the mails at applicable existing postal rates, under regulations of the Postmaster General, any airmail and any package subject to third- or fourth-class rates, sent by any person having an Army Post Office or Fleet Post Office address.

Section 206 (a) and (b) would apply with respect to both military and civilian personnel having Army Post Office or Fleet Post Office addresses.

HOUSE BILL: The House bill contained no such provision.

CONFERENCE SUBSTITUTE: The conference substitute eliminates the provisions of section 206 of the Senate amendment.

9. BOOKS FOR THE BLIND

SENATE AMENDMENT: Section 207 of the Senate amendment proposed to amend the Act of October 14, 1941 (55 Stat. 737, 63 Stat. 690; 39 U. S. C. 331), which now grants the free mailing privilege in the case of books and other reading matter for the blind, without advertising, when sent by public institutions for the blind and by public libraries to blind individuals and when returned by such individuals to such institutions or libraries. Section 207 proposed to extend this free mailing privilege, effective July 1, 1958, in the case of certain books printed or typed in raised characters, without advertising, when furnished free by any person to a blind individual.

HOUSE BILL: The House bill contained no such provision.

CONFERENCE SUBSTITUTE: Section 207 of the conference substitute contains provisions identical to section 207 of the Senate amendment and is effective on and after July 1, 1958.

10. SUBSCRIPTION ORDER, BILL, AND RECEIPT FORMS

SENATE AMENDMENT: Section 208 of the Senate amendment proposed to amend that part of the first sentence of the Act of January 20, 1888 (25 Stat. 1; 39 U. S. C. 249), which authorized publishers and news agents to enclose in their publications bills, receipts, and orders for subscriptions to such publications but which contained the requirement that such notices should be in such form as to convey no information other than the name, place of publication, subscription price, and amount due. Section 208 proposed to eliminate this requirement from the law.

HOUSE BILL: The House bill contained no such provision.

CONFERENCE SUBSTITUTE: Section 208 of the conference substitute adopts the provisions of section 208 of the Senate amendment and is effective on and after July 1, 1958.

11. INVESTIGATION AND STUDY OF DIMENSIONAL CATEGORIES FOR FIRST- AND THIRD-CLASS MAIL ENVELOPES AND OF IMPACT OF THIRD-CLASS BULK RATE INCREASES

SENATE AMENDMENT: Section 209 of the Senate amendment proposed an investigation and study by the Postmaster General of dimensional categories for first- and third-class mail envelopes.

Section 209 (a) authorized and directed the Postmaster General to conduct a thorough investigation and study of the feasibility and desirability of—

(1) establishing, by regulation of the Postmaster General, such number of categories (but not less than two categories) of specified standard length and width dimensions for those envelopes which are to be used for the transmission of first-class and third-class mail, as the Postmaster General may determine to be necessary or desirable to increase the efficient handling of the mail, and

(2) establishing an additional charge on any such first-class or third-class mail matter which is transmitted in an envelope which does not conform to the standard dimensions so prescribed for envelopes.

Section 209 (b) required that the Postmaster General submit to the Senate and House of Representatives, on or before February 1, 1959, a report on the results of his investigation and study under section 209 (a), together with his recommendations (including recommendations for any necessary legislation).

HOUSE BILL: The House bill contained no provisions comparable to section 209 of the Senate amendment.

However, the report of the Committee on Post Office and Civil Service of the House which accompanied H. R. 5836, Eighty-fifth Congress (House Report No. 524, Eighty-fifth Congress, first session, page 30), discloses that the House committee has requested an investigation and study by the Postmaster General of dimensional categories for letter mail and certain third-class mail and that the House committee was informed by the Post Office Department that a report with respect to such dimensional categories would be submitted by the Department to the Congress.

CONFERENCE SUBSTITUTE: Section 210 of the conference substitute contains the provisions of section 209 of the Senate amendment, relating to dimensional categories for envelopes. Section 210 of the conference substitute in effect carries out both the policy of section 209 of the Senate amendment and the intent of the Committee on Post Office and Civil Service of the House as disclosed by the House Report on H. R. 5836.

The conference substitute also contains a provision (sec. 209) requiring the Secretary of Commerce and the Administrator of the Small Business Administration to undertake independent studies to ascertain the effect on small business enterprises, on users of the mails, and on the national economy generally of the increases in third-class bulk mailing pound rates on circulars and merchandise and the third-class bulk mailing minimum piece charge, provided by section 205 (3) of the conference agreement. Each of the above agencies would be required to submit to the Congress on or before March 1, 1960, a report of its study together with such recommendations as it may consider necessary and appropriate.

12. DETERMINATION OF CLASS OF POST OFFICE AND COMPENSATION OF POSTMASTER AND CERTAIN EMPLOYEES

HOUSE BILL: Section 108 of the House bill provided, in effect, that the determination of classes of post offices, and the determination of the compensation and allowances of postmasters and other employees whose compensation or allowances are based on the gross annual receipts of their respective post offices, shall be made on the basis of 82 percent of the gross postal receipts of their respective post offices accruing on or after October 1, 1957. Section 108 also contained a provision designed to protect a post office from the possibility of being relegated to a lower class or receipts category in certain cases.

The purpose of section 108 of the House bill was to maintain, to the extent appropriate, the present classes of post offices, and to avoid disturbance of existing compensation relationships among postmasters and employees whose salaries or allowances are based in whole or in part on postal receipts. The 82 percent adjustment factor would have applied equally to all classes of post offices. Any possible adverse effects of applying this adjustment to offices where the receipts were not affected by rate increases to the extent anticipated would have been prevented by the savings provision.

SENATE AMENDMENT: Section 210 of the Senate amendment provided, in effect, that no part of the gross postal receipts of any post office (which receipts are determined in accordance with estimates of the Postmaster General to be attributable to the increases in postage rates provided by the Senate amendment) shall be counted for the purpose of determining the classes of post offices and the compensation and allowances of postmasters and other employees whose compensation or allowances are based on the gross annual receipts of such post offices. Under this language, the Postmaster General would have been authorized to establish the adjustment factor or factors to be applied to all offices or to classes of offices. Section 210 also contained a savings provision (similar in principle to the comparable provision of section 108 of the House bill) the purpose of which was to protect a post office from relegation to a lower class or receipts category where, because of variations in revenue sources, increased postal rates did not yield increases in gross postal receipts comparable to the estimated average increase.

CONFERENCE SUBSTITUTE: Section 108 of the House bill and section 210 of the Senate amendment both provided, in effect, that the increased revenues derived from the postal rate increases proposed by the House and the Senate, respectively, shall be excluded in determining the compensation and allowances of postmasters and other employees and in determining the classes of post offices. Existing law provides for such determinations on the basis of 100 percent of gross postal receipts. The House bill prescribed a basis of 82 percent of gross postal receipts for the making of such determinations. The Senate amendment required that such determinations be made in accordance with estimates of the Postmaster General.

Section 211 of the conference substitute, which becomes effective on the date of enactment, adopts the provisions of section 210 of the Senate amendment.

13. REPEAL OF EXISTING LAW

HOUSE BILL: Retirement contributions of Post Office Department. Section 109 of the House bill proposed the repeal of an existing provision of section 4 (a) of the Civil Service Retirement Act (70 Stat. 747; 5 U. S. C. 2254 (a)) which reads as follows: "Amounts contributed under this subsection from appropriations of the Post Office Department shall not be considered as costs of providing postal service for the purpose of establishing postal rates."

In effect, the proposed repeal of this provision would remove from the law a provision which excludes civil service retirement contributions by the Post Office Department from consideration as postal costs in the establishment of postal rates.

In addition, in order to clarify the intent and effect of such repeal, section 109 contained an affirmative statement to the effect that the amounts contributed by the Post Office Department to the civil service retirement and disability fund in compliance with section 4 (a) of the Civil Service Retirement Act shall be considered as costs of providing postal service for the purpose of establishing postal rates.

Section 109 was to be effective as of the effective date of the Civil Service Retirement Act Amendments of 1956—that is, as of October 1, 1956.

The House bill did not contain an express repeal of any other provisions of law relating to postal rates.

SENATE AMENDMENT: Retirement contributions of Post Office Department. Section 213 of the Senate amendment contained, among other provisions, a provision identical to section 109 of the House bill (civil service retirement contributions of Post Office Department). However, the effective date of the Senate provision was to be July 1, 1958, rather than October 1, 1956.

Other provisions of law: Section 213 of the Senate amendment proposed the repeal of four additional provisions of law (relating to postal rates) which are either obsolete or are affected by other rate provisions of the Senate amendment.

First, section 213 would repeal the Act of June 9, 1930 (39 U. S. C. 793), which requires annual certification by the Postmaster General to the Secretary of the Treasury and to the Comptroller General of the United States of the estimated amount of the loss incurred by the postal service on free or reduced rate mailings. This requirement (now in part obsolete) is made wholly unnecessary by procedures contained in both the Senate amendment and the House bill.

Second, section 213 would repeal paragraph (4) of section 202(a) of the Act of February 28, 1925 (45 Stat. 941; 39 U. S. C. 283 (4)). This paragraph (4), which is now obsolete, provides a graduated scale of rates for second-class publications based on the number of individually addressed copies to the pound. No corresponding repeal is contained in the House bill.

Third, section 213 would repeal section 202(b) of the Act of February 28, 1925 (43 Stat. 1066; 39 U. S. C. 283(b)), which section 202(b) makes the editorial rate on second-class publications applicable to advertising in any single issue in which the advertising portion does not exceed 5 percent of the entire content. This repeal would be

necessary in order to make the conforming changes in the law which are made necessary by reason of the change in second-class mail rates proposed by the Senate amendment.

Fourth, section 213 would repeal section 204 of the Act of February 28, 1925 (43 Stat. 1067; 39 U. S. C. 288). This repeal (not contained in the House bill) would eliminate a special postage rate which applies to any one edition or issue of a publication weighing not in excess of one pound and mailed to any one zone.

CONFERENCE SUBSTITUTE: *Retirement contributions of Post Office Department.* Section 214 (b) of the conference substitute, relating to retirement contributions of the Post Office Department, is identical with section 109 of the House bill and section 213 (5) of the Senate amendment. However, the effective date provided by the conference substitute is October 1, 1956, the same as that provided by the House bill, rather than July 1, 1958, the date provided by the Senate amendment.

Repeal of other provisions of law. Section 214 (a) of the conference substitute adopts the provisions of paragraphs (1) to (4) inclusive, of section 213 (a) of the Senate amendment which would repeal certain specified provisions of law. These provisions are set forth above in the discussion of section 213 of the Senate amendment.

14. AUTOMATIC SALARY STEP INCREASES FOR POSTAL FIELD SERVICE EMPLOYEES

SENATE AMENDMENT: Section 211 of the Senate amendment proposed two changes (to be effective on the date of enactment) in section 401 of the Postal Field Service Compensation Act of 1955 (69 Stat. 122; 39 U. S. C. 981). Such section 401 relates to automatic advancement by step increases for postal field service employees.

First, section 211 (a) of the Senate amendment proposed to eliminate the provision in subsection (a) of such section 401, which at present excludes, from the general provision pertaining to periodic advancement to the maximum step of the salary level of the employee based on each fifty-two weeks of satisfactory service, those employees whose positions are allocated to salary levels above salary level PFS-9 in the Postal Field Service Schedule.

Second, section 211 (b) of the Senate amendment proposed the repeal of subsection (b) of such section 401, which provides for salary step increases *up to and including step 4 of the salary level concerned*, based on each fifty-two calendar weeks of *satisfactory service*, for those employees whose positions are allocated to salary level PFS-10 or a higher salary level of the Postal Field Service Schedule, and for advancement of such employees to *steps higher than step 4* (but excluding longevity steps) of the salary level concerned on the basis of *superior performance* of the employee under regulations issued by the Postmaster General. The provisions of subsection (b) of such section 401 apply primarily to those postmasters, supervisors, and other managerial personnel of the postal field service who are in the higher salary levels of the Postal Field Service Schedule.

The overall effect of these changes proposed by the Senate amendment in such section 401 is (A) the repeal of the existing requirement

that step increases or advancements in salary level PFS-10 or a higher salary level of the Postal Field Service Schedule will be granted only under regulations of the Postmaster General on the basis of the superior performance of the employee concerned, and (B) the establishment of a new requirement that *all* step increases or advancements under such section 401 be automatic irrespective (except as provided by subsection (c) of such section 401) of the salary step or salary level concerned.

The changes in such section 401 proposed by section 211 of the Senate amendment require the advancement of each employee in salary level PFS-10 or higher to that step of his salary level which he would have attained except for the limitations contained in section 401 which would be eliminated from that section by section 211 of the Senate amendment.

In addition, these changes in such section 401 require the advancement, on the date of enactment of the conference substitute, of an employee of one step for each 52 weeks of satisfactory service standing to the credit of the employee since the date of his last automatic advancement (excluding advancement on the basis of superior performance) or equivalent increase in basic salary. No retroactive compensation or salary will be payable by reason of the enactment of section 211 of the conference substitute.

The following example illustrates the application and operation of the changes proposed by section 211 of the Senate amendment in section 401 of the Postal Field Service Compensation Act of 1955.

Employee X who was within the purview of subsection (b) of such section 401 by reason of the allocation of his position to salary level PFS-10 and who was in step 4 of such salary level became eligible for consideration for advancement to step 5 of such level on January 12, 1957, but was denied such advancement under the regulations of the Postmaster General concerning superior performance. However, he was granted such advancement to step 5 of such salary level six months later, on July 13, 1957, under such regulations, because of his superior performance in the interim period.

As a result of the changes in section 401 proposed by the Senate amendment, employee X would receive an automatic advancement to step 6 of such salary level (if the conditions of service are met and if no equivalent increase was received after January 12, 1957), on the date of enactment of the Senate amendment. Such employee then would receive an automatic advancement to step 7 of such salary level on January 10, 1959, if the conditions of service are met and if no equivalent increase was received after January 11, 1958.

HOUSE BILL: The House bill contained no provisions similar to section 211 of the Senate amendment.

CONFERENCE SUBSTITUTE: Section 212 of the conference substitute adopts the provisions of section 211 of the Senate amendment.

15. REFORMATION OF CERTAIN MATTERS PERTAINING TO FOURTH-CLASS MAIL; CONDITIONS PRECEDENT TO WITHDRAWAL FROM GENERAL FUND OF TREASURY

HOUSE BILL: Conditions precedent to withdrawal from general fund of Treasury. An existing provision of chapter IV of the Supplemental Appropriation Act, 1951 (64 Stat. 1050; 31 U. S. C. 695), prohibits the withdrawal (whenever fourth-class mail costs exceed fourth-class mail revenues) from the general fund of the Treasury of funds appropriated to the Post Office Department until the Postmaster General has certified that he has requested the consent of the Interstate Commerce Commission to the establishment of such rate increases or other reformatations as will insure the receipt of fourth-class mail revenue sufficient to pay the cost of fourth-class mail service.

Section 110 of the House bill proposed to amend this provision of law so as to require, in effect, that the Postmaster General shall petition the Interstate Commerce Commission for such fourth-class mail rate increases and other reformatations as may be necessary to insure that the fourth-class mail *revenues* will not exceed the fourth-class mail *costs* by more than 1 percent and that the fourth-class mail *costs* will not exceed the fourth-class mail *revenues* by more than 1 percent.

The purpose of the amendment proposed by section 110 of the House bill is to facilitate and assist the operation and administration of the established policy of the Congress that fourth-class mail pay its own way.

The House bill contained no amendment (similar to that contained in section 212 (a) of the Senate amendment) to section 207 (b) of the Act of February 28, 1925 (45 Stat. 942; 39 U. S. C. 247), relating to reformation of matters pertaining to fourth-class mail.

SENATE AMENDMENT: Conditions precedent to withdrawal from general fund of Treasury. Section 212 (b) of the Senate amendment proposed an amendment comparable to that proposed by section 110 of the House bill. The Senate amendment, however, required that the Postmaster General shall certify that he has requested the consent of the Interstate Commerce Commission to the establishment of such fourth-class mail rate increases or other reformatations as may be necessary to insure that the cost of fourth-class mail service will not exceed by more than 8 percent the revenues from such service.

Reformation of certain matters pertaining to fourth-class mail. Section 212 (a) of the Senate amendment proposed an amendment to section 207 (b) of the Act of February 28, 1925 (45 Stat. 942; 39 U. S. C. 247). Such section 207 (b) provides that, if the Postmaster General finds that the classification of mail matter, the weight limits, the zone or zones, or other conditions of mailability pertaining to fourth-class mail are such as to prevent the shipment of desirable articles or to render permanently the cost of the fourth-class mail service greater than the revenue from such service, he is directed, subject to the consent of the Interstate Commerce Commission after investigation, to reform such classifications, weight limits, zone or

zones, or conditions in order to promote the service or to insure the receipt of revenue from fourth-class mail service adequate to pay the cost of such service.

Existing law, therefore, directs that the Postmaster General seek an increase in fourth-class mail rates if he finds that fourth-class mail costs will exceed fourth-class mail revenues permanently by any amount.

Under the amendment proposed by section 212 (a) of the Senate amendment the Postmaster General is required to seek an increase in fourth-class mail rates if he finds that fourth-class mail costs will exceed fourth-class mail revenues permanently by more than 8 percent.

The Senate amendment did not establish any *specific* authority in the law for the Postmaster General to seek an increase in fourth-class mail rates unless and until he finds that fourth-class mail costs will exceed fourth-class mail revenues by more than 8 percent. However, the explanation of the Senate provision contained on page 12 of Senate Report No. 1321, Eighty-fifth Congress, second session, indicated that there was no legislative intent to preclude the Postmaster General from seeking a fourth-class mail rate revision on his own initiative if he finds that fourth-class mail costs will exceed fourth-class mail revenues permanently by less than 8 percent.

CONFERENCE SUBSTITUTE: Section 213 of the conference substitute adopts the provisions of section 110 of the House bill, except that the variance of 1 percent provided by the House bill is changed to 4 percent in the conference substitute.

16. EFFECTIVE DATES FOR POSTAL RATE PROVISIONS

Section 111 of the House bill and section 214 of the Senate amendment contained the effective dates for the respective House and Senate postal rate and related provisions.

Section 215 of the conference substitute contains the comparable effective dates agreed to in conference.

These effective dates are set forth in the table below.

Effective dates

	House bill	Senate amendment	Conference substitute
All rate adjustments (except as indicated below).	Oct. 1, 1957.....	July 1, 1958.....	Aug. 1, 1958.
Second class publishers pound rates.	Oct. 1, 1957, July 1, 1958, July 1, 1959, July 1, 1960.	July 1, 1958, July 1, 1959, July 1, 1960.	Jan. 1, 1959, Jan. 1, 1960, Jan. 1, 1961.
Second class minimum piece charge.	Oct. 1, 1957.....	July 1, 1958, July 1, 1959, July 1, 1960.	Jan. 1, 1959, Jan. 1, 1960, Jan. 1, 1961.
Third-class individual piece rates.	Oct. 1, 1957.....	July 1, 1958.....	Aug. 1, 1958.
Third-class pound rate, circulars and merchandise, etc.	Oct. 1, 1957.....	July 1, 1958.....	Jan. 1, 1959.
Third-class bulk mailing permit fee.	Jan. 1, 1958.....	Jan. 1, 1959.....	Jan. 1, 1959.
Third-class bulk mailing minimum piece charge.	Oct. 1, 1957.....	July 1, 1958, July 1, 1959.	Jan. 1, 1959, July 1, 1960.
Weight limitation, third and fourth class.	-----	July 1, 1958.....	Aug. 1, 1958.
Repeal of retirement cost provision.	Oct. 1, 1956.....	July 1, 1958.....	Oct. 1, 1956.
Repeal of exemption from advertising rates of publications having not more than 5 percent advertising content.	-----	July 1, 1958.....	Jan. 1, 1959.
Repeal of other laws.	-----	July 1, 1958.....	Date of enactment.
All other provisions.	Date of enactment.	Date of enactment.	Do.

POSTAL RATE POLICY

Title II of the House bill and title I of the Senate amendment each set forth a postal rate policy to serve as a guide in the determination and adjustment of postal rates by the Congress.

The postal rate policy provisions of the conference substitute are contained in title I of the conference substitute.

1. SHORT TITLE

HOUSE BILL: Section 201 of the House bill provided for title II of the House bill the short title "Postal Rate Policy Act".

SENATE AMENDMENT: Section 101 of the Senate amendment provided for title I of the Senate amendment the short title "Postal Policy Act of 1958".

CONFERENCE SUBSTITUTE: The conference substitute adopts the Senate short title "Postal Policy Act of 1958".

2. FINDINGS

Section 202 of the House bill contained seven paragraphs which set forth certain findings of the Congress which would form the basis for the formal statement of postal rate policy in title II of the House bill. These findings related to the historical background, development, and expansion of the postal service, the contribution of the postal service to the public welfare and the national economy, the necessity of continuing those postal services which contribute to the public welfare, the manner of performing those services, and the necessity for a declaration of Congressional policy to serve as a basis for a sound and equitable postal-rate structure.

Section 102 of the Senate amendment contained six paragraphs of the same general import as section 202 of the House bill.

The Congressional findings set forth in these paragraphs of section 202 of the House bill and of section 102 of the Senate amendment, and the comparable provisions of the conference substitute, are discussed below.

A. Purpose of creation of postal establishment.

HOUSE BILL, SENATE AMENDMENT, CONFERENCE SUBSTITUTE: Paragraph (1) of section 202 of the House bill, paragraph (1) of section 102 of the Senate amendment, and paragraph (1) of section 102 of the conference substitute each state that the postal establishment was created in order to (A) unite more closely the American people, (B) promote the general welfare, and (C) advance the national economy.

B. Enlargement of postal establishment.

HOUSE BILL: Paragraph (2) of section 202 of the House bill stated that the postal establishment has been extended and enlarged through the years into a nationwide network of services and facilities for (A) the communication of intelligence, (B) the dissemination of information, (C) the advancement of education and culture, and (D) the distribution of articles of commerce and industry.

SENATE AMENDMENT: Paragraph (2) of section 102 of the Senate amendment is identical to paragraph (2) of section 202 of the House bill, but contains an additional sentence to the effect that the

Congress has encouraged the use of postal services and facilities by providing reasonable and, in many cases, special postal rates.

CONFERENCE SUBSTITUTE: Paragraph (2) of section 102 of the conference substitute adopts the provisions of paragraph (2) of section 102 of the Senate amendment.

C. Contribution of postal services to the development of the national economy.

HOUSE BILL, SENATE AMENDMENT, CONFERENCE SUBSTITUTE: Paragraph (3) of section 202 of the House bill, paragraph (3) of section 102 of the Senate amendment, and paragraph (3) of section 102 of the conference substitute each state that the development and expansion of the several elements of postal service, under the authorization of Congress, have been the impelling force in the formation and development of many and varied business enterprises which contribute to the national economy and the public welfare and which depend upon the continued operation of these elements of postal service.

D. Relationships among the several classes of mail; performance of certain postal functions on the basis of the national welfare.

HOUSE BILL: Paragraph (4) of section 202 of the House bill recognized that, in the operations of the postal establishment authorized by the Congress, there have developed certain relationships among the several classes of mail. These relationships, now recognized and accepted, have developed through the years in the public interest and as manifestations of public policy.

In addition, paragraph (4) recognized that the postal establishment performs some functions in which the public interest outweighs the profit and loss factors which would be controlling if the postal establishment were operated solely as a business enterprise. This public interest factor in postal operations is apparent in the continued expansion of the postal service and in the authorization of the rendition of certain services and the provision of certain facilities at a calculated loss to the Federal Government.

SENATE AMENDMENT: Paragraph (4) of section 102 of the Senate amendment also recognized the existence of relationships among the several classes of mail.

In addition, the Senate version stated that it is clear, from the continued expansion of the postal service and from the continued encouragement by the Congress of the most widespread use of the postal service, that the postal establishment performs many functions and offers its facilities to many users on a basis which can only be justified as being in the interest of the national welfare.

Although paragraph (4) of section 102 of the Senate amendment contains different language than paragraph (4) of section 202 of the House bill, the import of the language in both House and Senate versions is similar.

CONFERENCE SUBSTITUTE: Paragraph (4) of section 102 of the conference substitute adopts the provisions of paragraph (4) of section 102 of the Senate amendment.

E. Expenses chargeable to mail users.

HOUSE BILL: Paragraph (5) of section 202 of the House bill stated that it would be an unfair burden on the mail users to compel them to underwrite those expenses incurred by the postal establish-

ment which are not related to those postal services which such mail users receive. This statement was based on the premise that the postal service should be operated in a businesslike manner but clearly is not a commercial enterprise conducted for profit.

SENATE AMENDMENT: Paragraph (5) of section 102 of the Senate amendment stated that it would be an unfair burden on any particular mail user or class of mail users to compel them to bear the expenses incurred by reason of special rate considerations granted or facilities provided to other mail users or to underwrite those expenses incurred by the postal establishment for services of a nonpostal nature. This statement was based on the premise that, while the postal establishment, as all other Government agencies, should be operated in an efficient manner, it clearly is not a business enterprise conducted for profit or for raising general funds.

CONFERENCE SUBSTITUTE: Paragraph (5) of section 102 of the conference substitute adopts the provisions of paragraph (5) of section 102 of the Senate amendment.

F. Recognition of lack of firm policy statement with respect to identification of postal services.

HOUSE BILL: Paragraph (6) of section 202 of the House bill stated that, notwithstanding the need therefor, the Congress has not laid down a firm policy to identify and evaluate postal services rendered, in whole or in part, for the benefit of the general public or for the benefit of certain mail users.

SENATE AMENDMENT: The Senate amendment contained no such provision.

CONFERENCE SUBSTITUTE: The conference substitute, like the Senate amendment, contains no provision similar to paragraph (6) of section 202 of the House bill.

G. Need for declaration by the Congress of a postal rate policy.

HOUSE BILL: Paragraph (7) of section 202 of the House bill stated that the public interest and the increasing complexity of the social and economic fabric of the Nation require an immediate, clear, and affirmative declaration of Congressional policy for the creation and maintenance of a sound and equitable postal-rate structure which would assure efficient service, produce adequate postal revenues, and stand the test of time.

SENATE AMENDMENT: Paragraph (6) of section 102 of the Senate amendment, like paragraph (7) of section 202 of the House bill, declared an immediate need for a declaration of Congressional policy with respect to postal rates. However, unlike the House version, paragraph (6) of section 102 of the Senate amendment made specific reference to the public service activities of the postal establishment as the basis for the creation and maintenance of a sound and equitable postal-rate structure.

CONFERENCE SUBSTITUTE: Paragraph (6) of section 102 of the conference substitute adopts the provisions of paragraph (6) of section 102 of the Senate amendment.

3. DECLARATION OF POLICY

Section 203 of the House bill, section 103 of the Senate amendment, and section 103 of the conference substitute set forth the declaration

of policy by the Congress with respect to the postal-rate structure and, in connection therewith, stated certain general principles, standards, and related requirements with respect to the determination and allocation of postal revenues and expenses and with respect to the adjustment of the postal-rate structure generally.

A. CONSTITUTIONAL FUNCTION OF THE CONGRESS IN FORMING POSTAL POLICY; GENERAL STATEMENT OF CONGRESSIONAL POLICY

HOUSE BILL: Subsections (a) and (b) of section 203 of the House bill related generally to the constitutional function of the Congress in forming postal policy.

Subsection (a) of section 203 stated that the Congress hereby emphasizes, reaffirms, and restates its function under the Constitution of the United States of forming postal policy.

Subsection (b) of section 203 set forth two main points of Congressional policy with respect to the postal-rate structure, as follows:

First, it is the policy of the Congress to provide a more stable basis for the postal-rate structure through the establishment of principles, standards, and related requirements with respect to the determination and allocation of postal revenues and expenses.

Second, it is the policy of the Congress, in accordance with these principles, standards, and requirements, to provide a means for the adjustment of the postal-rate structure by action of the Congress, from time to time, as the public interest may require, in the light of periodic reviews of the postal-rate structure, periodic studies and surveys of expenses and revenues, and certain periodic reports and recommendations required to be made by the Postmaster General, on the basis of the cost ascertainment system of the Post Office Department.

SENATE AMENDMENT: Subsections (a) and (b) of section 103 of the Senate amendment also related generally to the constitutional function of the Congress in forming postal policy, although the language of the Senate version is different from the language of the House version.

Subsection (a) of section 103 of the Senate amendment declared, as a matter of policy, that in order to establish a more stable basis for the postal-rate structure through principles, standards, and related requirements similar to those referred to in the House version, the Congress hereby emphasizes, reaffirms, and restates its constitutional function of forming postal policy. However, the Senate version contained no reference to a cost ascertainment system.

Subsection (b) of section 103 of the Senate amendment declared it to be the policy of the Congress that the post office is a public service.

CONFERENCE SUBSTITUTE: Subsections (a) and (b) of section 103 of the conference substitute contain the same language as subsections (a) and (b) of section 203 of the House bill with the following changes:

First, paragraph (1) of subsection (b) of section 103 of the conference substitute contains the provision of subsection (b) of section 103 of the Senate amendment to the effect that it is declared to be the policy of the Congress that the post office is a public service.

Second, paragraph (2) of subsection (b) of section 103 of the conference substitute omits specific reference to the cost ascertainment system as a basis for the adjustment of the postal-rate structure.

Third, such paragraph (2) also omits specific reference to *recommendations* of the Postmaster General.

B. GENERAL PRINCIPLES, STANDARDS, AND RELATED REQUIREMENTS WITH RESPECT TO THE DETERMINATION AND ALLOCATION OF POSTAL REVENUES AND EXPENSES.

Subsection (c) of section 203 of the House bill and subsection (c) of section 103 of the Senate amendment each prescribe general principles, standards, and related requirements with respect to the determination and allocation of postal revenues and expenses. These principles, standards, and related requirements are divided into four categories, as follows:

First, a specification of matters to be given due consideration in the determination and adjustment of the postal-rate structure.

Second, a statement with respect to first-class mail.

Third, a statement with respect to the assumption by the Federal Government of the cost of public service items.

Fourth, a statement with respect to postal revenues and postal expenses in connection with the adjustment of postal rates.

i. Specification of matters to be given due consideration in the determination and adjustment of the postal-rate structure.

HOUSE BILL, SENATE AMENDMENT, CONFERENCE SUBSTITUTE: Paragraph (1) of subsection (c) of section 203 of the House bill, paragraph (1) of subsection (c) of section 103 of the Senate amendment, and paragraph (1) of subsection (c) of section 103 of the conference substitute are identical provisions which specify the matters to be given due consideration in the determination and adjustment of the postal-rate structure. These matters are as follows:

(a) the promotion of social, cultural, intellectual, and commercial communications among the people of the United States of America;

(b) the development and maintenance of a postal service which will serve the present and future needs of the people of the United States of America;

(c) the promotion of adequate, economical, and efficient postal service at reasonable and equitable rates and fees;

(d) the effect of postal services and the impact of postal rates and fees on users of the mails;

(e) the requirements of the postal establishment with respect to the manner and form of preparation and presentation of mail matter by the users of the various classes of mail service;

(f) the value of mail;

(g) the value of time of delivery of mail; and

(h) the quality and character of the service rendered in terms of priority, secrecy, security, speed of transmission, use of facilities and manpower, and other pertinent service factors.

ii. Statement with respect to first-class mail.

HOUSE BILL: Paragraph (2) of subsection (c) of section 203 of the House bill provided, in effect, that the first-class mail service is a *preferred service* of the postal establishment, the *postage rates* for which should cover both its allocated costs and an additional amount representing the fair value of all extraordinary and preferential services, facilities, and factors relating thereto.

SENATE AMENDMENT: Paragraph (2) of subsection (c) of section 103 of the Senate amendment provided, in effect, that the first-class mail service is the *primary function* of the postal establishment, the *costs* of which shall be the expenses allocated to first-class mail plus the amount of the fair value of all extraordinary and preferential services, specially designed facilities, and other related factors.

CONFERENCE SUBSTITUTE: Paragraph (2) of subsection (c) of section 103 of the conference substitute adopts the provisions of paragraph (2) of subsection (c) of section 203 of the House bill.

iii. Statement with respect to assumption by Federal Government of the cost of public service items.

HOUSE BILL, SENATE AMENDMENT, CONFERENCE SUBSTITUTE: Paragraph (3) of subsection (c) of section 203 of the House bill, paragraph (3) of subsection (c) of section 103 of the Senate amendment, and paragraph (3) of subsection (c) of section 103 of the conference substitute each provide that the sum of the public service items, provided by the postal establishment and as determined by the Congress, shall be assumed directly by the Federal Government, paid directly out of the general fund of the Treasury, and not be charged to any user or users of the mails in the form of rates and fees. The House bill, Senate amendment, and conference substitute each provide that nothing contained in the respective postal rate policy provisions of such versions should be construed as indicating any intention on the part of the Congress that any such public services should be limited or restricted or as indicating any Congressional intent to derogate in any way from the need or desirability of such services in the public interest.

iv. Statement with respect to postal revenues and postal expenses in connection with the adjustment of postal rates.

HOUSE BILL: Paragraph (4) of subsection (c) of section 203 of the House bill provided that postal rates should be adjusted from time to time so that the total amount of postal revenues (including appropriations for public service items) shall more nearly equal total expenses (including expenses for public service items), as determined on the basis of the cost ascertainment system of the Post Office Department.

SENATE AMENDMENT: Paragraph (4) of subsection (c) of section 103 of the Senate amendment provided that postal rates and fees shall be adjusted from time to time so that the total amount of all postal revenues (excluding appropriations for public service items) shall be approximately equal to the total amount of the nonpublic service expenses of the postal establishment.

CONFERENCE SUBSTITUTE: Paragraph (4) of subsection (c) of section 103 of the conference substitute provides that postal rates and fees shall be adjusted from time to time as may be required to produce that amount of revenue which is approximately equal to the total cost of operating the postal establishment minus that amount which is deemed to be attributable to the performance of the public service items enumerated under subsection (b) of section 104 of the conference substitute, relating to authorization of certain appropriations to reimburse the Post Office Department on account of public services of the Department.

4. IDENTIFICATION OF AND APPROPRIATIONS FOR PUBLIC SERVICES

Section 104 of the Senate amendment contained provisions which identified certain services of the postal service as public service items which are to be financed by the Federal Government and for which the Post Office Department is to be reimbursed by certain appropriations each fiscal year to cover the costs of such items.

The House bill contained no such identification of public service items but section 204 thereof did contain a provision authorizing appropriations to cover the costs of public service items generally.

Identification of public services.

SENATE AMENDMENT: Subsection (a) of section 104 of the Senate amendment identifies those public service items the sum of which is to be assumed directly by the Federal Government and paid out of the general fund of the Treasury.

Paragraph (1) of such subsection (a) identifies as public services the total loss resulting from the transmission in the mails free of postage or at reduced rates of postage of certain matter under certain provisions of law which are specified in such paragraph. Those provisions of law are referred to in detail in the discussion of a similar provision identifying public service items which is contained in the conference substitute.

Paragraphs (2) to (8), inclusive, of such subsection (a) describe as items of public service certain categories of losses and costs in the mail service. These losses and costs are described in general terms and without reference to specific provisions of law, as follows:

In paragraph (2), the loss resulting from the operation of such public welfare postal services as the star route system, rural free delivery, and third- and fourth-class post offices.

In paragraph (3), the loss incurred in performing nonpostal services, such as the sale of documentary stamps for the Department of the Treasury.

In paragraph (4), the loss incurred in performing special services, such as cash on delivery, insured mail, special delivery, and money orders.

In paragraph (5), the cost of the free handling of registered mail for the post office and other Federal agencies.

In paragraph (6), the cost of transportation subsidies borne by the postal establishment in compliance with or resulting from the non-enforcement of Federal statutes.

In paragraph (7), the additional cost of transporting United States mail by foreign air carriers at a Universal Postal Union rate in excess of the rate prescribed for United States carriers.

In paragraph (8), other services provided in the interests of the public welfare, the costs of which exceed revenues therefrom.

HOUSE BILL: The House bill contained no identification of public service items similar to subsection (a) of section 104 of the Senate amendment.

CONFERENCE SUBSTITUTE: Subsection (a) of section 104 of the conference substitute contains an identification of public service items which is similar to the public service identification provisions contained in subsection (a) of section 104 of the Senate amendment, except for the following changes:

First, paragraph (1) of subsection (a) of section 104 of the conference substitute identifies as public services the total loss resulting from

the transmission in the mails free of postage or at reduced rates of postage of certain matter under the following provisions of law:

(a) section 202 (a) (3) of the Act of February 28, 1925 (39 U. S. C. 283 (a) (3)), relating to reduced postage rates on newspapers or periodicals of certain nonprofit organizations;

(b) sections 5 and 6 of the Act of March 3, 1877 (39 U. S. C. 321), relating to official mail matter of the Pan American Union sent free through the mails;

(c) section 25 of the Act of March 3, 1879, as amended (39 U. S. C. 286), and section 2 (b) of the Act of October 30, 1951 (39 U. S. C. 289a (b)), relating to free-in-county mailing privileges;

(d) certain provisions of law as contained in the Act of October 14, 1941 (55 Stat. 737; Public Law 270, Seventy-seventh Congress) and as amended by the Act of September 7, 1949 (63 Stat. 690), relating to free postage and reduced postage rates on reading matter and other articles for the blind (39 U. S. C. 331);

(e) the Act of February 14, 1929 (39 U. S. C. 336), granting free mailing privileges to the diplomatic corps of the countries of the Pan American Postal Union;

(f) the Act of April 15, 1937 (39 U. S. C. 293c), granting reduced rates to publications for use of the blind;

(g) the Act of June 29, 1940 (39 U. S. C. 321-1), granting free mailing privileges to the Pan American Sanitary Bureau;

(h) the Act of May 7, 1945 (59 Stat. 707), and other provisions of law granting free mailing privileges to individuals;

(i) the second and third provisos of section 2 (a) of the Act of October 30, 1951 (65 Stat. 672; 39 U. S. C. 289a (a)), granting reduced second-class postage rates to publications of certain nonprofit organizations;

(j) the last proviso of section 3 of the Act of October 30, 1951 (65 Stat. 673; 39 U. S. C. 290a-1), granting reduced third-class postage rates to certain organizations;

(k) section 302 of The Federal Voting Assistance Act of 1955 (5 U. S. C. 2192), granting free postage, including free airmail postage, to post cards, ballots, voting instructions, and envelopes transmitted in the mails under authority of such Act; and

(l) section 204 (d) and (e) of the Postal Rate Revision and Federal Employees Salary Act of 1948, as amended (39 U. S. C. 292a (d) and (e)), including the amendment made by section 206 of the conference substitute.

The provisions of law above referred to are the same as those referred to in the comparable provision of the Senate amendment. All changes made by the conference substitute with respect to such provisions of law are of a technical and clarifying nature only.

Second, paragraph (2) of subsection (a) of section 104 of the conference substitute describes as an item of public service the loss resulting from the operation of such prime and necessary public services as the star route system and third- and fourth-class post offices. The language of such paragraph (2) differs from the language of paragraph (2) of section 104 (a) of the Senate amendment in two respects:

(1) the reference in the Senate amendment to "public welfare postal services" is changed in the conference substitute to "prime and necessary public services"; and

(2) the conference substitute eliminates the reference in the Senate amendment to rural free delivery.

In connection with this elimination of the reference to rural free delivery the following statement should be noted.

The conference substitute eliminates from section 104 (a) (2) the language, contained in the Senate amendment, which would exclude losses on rural routes from postal costs for postal rate purposes. The determination to exclude the loss on rural routes from section 104 (a) (2) of the conference substitute was based upon a decision of the committee of conference that this matter be passed over as an unresolved issue, without prejudice to further legislative consideration and action with respect to the exclusion of the loss on rural routes from postal costs for postal rate purposes by reason of such loss constituting a public service. This determination by the committee of conference was made in order not to delay further a final agreement on the remaining differences between the House bill and the Senate amendment.

In addition, the committee of conference emphasizes that, in accordance with the declaration of policy contained in section 103 (e) (3) (B) of the conference substitute, neither the elimination by section 104 (a) (2) of the conference substitute of the reference to rural free delivery nor any other provision of the conference substitute has the effect of authorizing or requiring the elimination, consolidation, or discontinuance of any rural route, any star route, or any third-class or fourth-class post office. The committee of conference emphasizes further that it is not intended to preclude the making of appropriations for any such route or post office on either a public service or postal expense basis.

Third, section 104 (a) of the conference substitute eliminates paragraphs (5), (6), and (8) of section 104 (a) of the Senate amendment, discussed above in connection with section 104 (a) of the Senate amendment.

Appropriations for public services.

HOUSE BILL: Section 204 of the House bill authorized appropriations to postal revenues each fiscal year in an amount equal to the sum of the public service items of the postal service, which items were not specifically identified in the House bill.

SENATE AMENDMENT: Subsection (b) of section 104 of the Senate amendment authorized appropriations to postal revenues each fiscal year of an amount equal to the total estimated expenditures of the Post Office Department for such fiscal year for the public service items specifically identified in subsection (a) of section 104 of the Senate amendment. Such expenditures were to be determined by the Congress in the particular appropriation Act based on budget estimates submitted to the Congress. These appropriations were to be paid into postal revenues to reimburse the Post Office Department for the cost of such public service items.

CONFERENCE SUBSTITUTE: Subsection (b) of section 104 of the conference substitute is the same as subsection (b) of section 104 of the Senate amendment.

5. ELIMINATION OF REFERENCE TO COST ASCERTAINMENT SYSTEM

HOUSE BILL: Section 205 of the House bill in effect reaffirmed and required the utilization of the cost ascertainment system of the Post Office Department as the basis for the determination of revenues and expenses and the making of allocations and apportionments with respect to revenues and expenses, in connection with the operation of the postal rate policy provisions.

Subsection (a) of such section 205 provided that, for the purposes of title II of the House bill, revenues, and expenses shall be determined and ascertained, and each allocation and apportionment with respect thereto shall be made, upon the basis of the cost ascertainment system of the Post Office Department, to the extent not otherwise indicated in title II.

Subsection (b) of such section 205 contained a savings provision to the effect that nothing contained in title II of the House bill shall be construed to affect the cost ascertainment system or any authority, power, duty, or procedure of the Postmaster General or of the postal establishment generally, except to the extent necessary to carry out the purposes of title II.

SENATE AMENDMENT: The Senate amendment contained no provision similar to section 205 of the House bill reaffirming the cost ascertainment system of the Post Office Department as the basis for the determination of revenues and expenses and the making of allocations and apportionments with respect thereto.

CONFERENCE SUBSTITUTE: The conference substitute, like the Senate amendment, contains no provision similar to section 205 of the House bill with respect to the cost ascertainment system.

6. REPORTS OF POSTMASTER GENERAL

Section 206 of the House bill and section 105 of the Senate amendment contained comparable but not identical provisions requiring the Postmaster General to initiate and conduct reviews, studies, and surveys with respect to the need for the adjustment of postal rates and fees, in accordance with the respective postal rate policy provisions of the House bill and the Senate amendment, and to submit reports of the results of the reviews, studies, and surveys to the Senate and House of Representatives.

HOUSE BILL: Subsection (a) of section 206 of the House bill required the Postmaster General to initiate and conduct (from time to time or on a continuing basis, as he may determine, but at least every two years) a review of the postal-rate structure and a study and survey of the revenues received and expenses incurred in connection with the several classes of mail and the various classes and kinds of services and facilities provided by the postal establishment. The purpose of the review, study, and survey, which were required to be conducted through the facilities of the postal establishment, was to determine the need for adjustment of postal rates and fees in accordance with the postal-rate policy provisions of the House bill.

Subsection (b) of such section 206 required that the Postmaster General submit to the Senate and House of Representatives not later than April 15 of each alternate fiscal year, beginning with the fiscal year ending June 30, 1959, a report of the results of each such

review, study, and survey. It was also required that such report include—

(A) such information with respect to expenses and revenues as is pertinent to the allocation of expenses and the determination and adjustment of postal rates and fees in accordance with the postal-rate policy provisions of the House bill,

(B) other information required by the Congress, or by an appropriate committee of the Congress, to carry out the postal-rate policy provisions of the House bill, and

(C) such recommendations as the Postmaster General may deem appropriate.

SENATE AMENDMENT: Subsections (a) and (b) of section 105 of the Senate amendment contained provisions which are the same as the provisions of subsections (a) and (b) of section 206 of the House bill, except for the following differences:

First, the Senate amendment required that the report of the Postmaster General be submitted not later than April 15 of each alternate fiscal year, beginning with the fiscal year *ending June 30, 1960*, in lieu of the fiscal year *ending June 30, 1959*, as provided by the House bill.

Second, the Senate amendment *omits* specific reference to the inclusion in the report of *recommendations* of the Postmaster General while the House bill provides specifically for the inclusion in such report of those recommendations which the Postmaster General deems appropriate.

CONFERENCE SUBSTITUTE: Section 105 of the conference substitute is the same as section 105 of the Senate amendment. However, the elimination from this provision of the conference substitute of specific reference to recommendations is not intended to preclude the Postmaster General from including in his report such recommendations as he deems appropriate.

7. CONGRESSIONAL ACTION PREREQUISITE TO ADJUSTMENTS IN POSTAGE RATES AND FEES

HOUSE BILL: Section 207 of the House bill provided that, except as otherwise provided by law, nothing contained in title II of the House bill shall be construed to authorize any change, adjustment, or revision with respect to any postal rate or fee, except by further action of the Congress.

In effect, section 207 of the House bill reemphasized the exclusive authority of the Congress to establish and adjust postal rates.

SENATE AMENDMENT: The Senate amendment contained no specific provision comparable to section 207 of the House bill.

CONFERENCE SUBSTITUTE: The conference substitute does not contain any provision similar to section 207 of the House bill.

However, the elimination of such provision from the conference substitute is not intended to create any inference that the Congress is abdicating its exclusive authority to establish and adjust postal rates and fees in accordance with law.

8. ELIMINATION OF DEFINITIONS

HOUSE BILL: Subsection (a) of section 208 of the House bill defined the terms "cost ascertainment system", "revenues", "costs",

and "adjusted revenues" for the purposes of the postal rate policy provisions of the House bill.

Paragraph (1) of such subsection (a) defined "cost ascertainment system" as the cost ascertainment system (including the principles and standards thereof) utilized by the Post Office Department for the ascertainment and allocation of expenses and revenues of the postal service, as in effect from time to time, to the extent consistent with the postal rate policy provisions of the House bill.

Paragraph (2) of such subsection (a) ascribed to the two terms "revenues" and "costs" the same meaning as when used in the Cost Ascertainment Report of the Post Office Department, whether applied to the total postal operation or to the respective mail classes and services. Also, the terms "costs" and "expenses" were declared to be synonymous.

Paragraph (3) of such subsection (a) defined "adjusted revenues", whether applied to the total postal operation or to the respective mail classes and services, as the revenues increased by sums authorized to be appropriated under title II of the House bill to the Post Office Department for public service items.

Subsection (b) of section 208 of the House bill provided that any reference contained in title II of the House bill or in any law or regulation in connection with such title II to any of the several classes of mail and services shall have the same meaning as when used in the Cost Ascertainment Report of the Post Office Department, except that first-class mail shall include domestic air mail other than air parcel post.

SENATE AMENDMENT: The Senate amendment contained no provisions which defined terms used in the postal policy provisions of the Senate amendment.

CONFERENCE SUBSTITUTE: The conference substitute, like the Senate amendment, contains no definitions for postal policy purposes.

9. NO REQUIREMENT OF DOWNWARD ADJUSTMENT IN EXISTING FOURTH-CLASS MAIL RATES

Section 106 of the conference substitute provides that the provisions of title II of the conference substitute shall not require any downward adjustment in the rates of postage on fourth-class mail existing on the date of enactment of the conference substitute.

Section 106 of the conference substitute is not intended to create any inference that a downward adjustment may not be made in the future in the rates of postage on fourth-class mail.

POSTAL MODERNIZATION FUND

SENATE AMENDMENT: Section 301 of the Senate amendment established a trust fund in the Treasury of the United States, to be known as the Postal Modernization Fund.

Section 302 of the Senate amendment provided that there shall be paid into the fund out of the receipts of postage on first-class mail the sum of \$175,000,000 for three fiscal years, beginning with the fiscal year ending June 30, 1959, and ending with the fiscal year June 30, 1961.

Section 303 of the Senate amendment provided that the moneys in the fund, including interest on investments, would be available until expended, subject to appropriation by the Congress, for obligation by the Postmaster General for conducting research (directly or through private organizations) and for developing, acquiring, and placing into operation improved equipment and facilities for the performance of the postal function.

Section 304 of the Senate amendment related to the management of the fund.

Subsection (a) of such section imposed upon the Secretary of the Treasury the duty of holding the fund and of reporting annually to the Congress on its condition.

Subsection (b) of such section imposed upon the Secretary of the Treasury the duty of investing such portion of the fund as was not, in his judgment and after consultation with the Postmaster General, required to meet current withdrawals. The investments authorized were interest bearing obligations of the United States or obligations guaranteed by the United States as to both principal and interest.

Section 305 of the Senate amendment required the Postmaster General to include in his annual report to the President a detailed report with respect to the Postal Modernization Fund and activities relating thereto.

HOUSE BILL: The House bill contained no provisions relating to a Postal Modernization Fund.

CONFERENCE SUBSTITUTE: Title III of the conference substitute adopts the provisions of the Senate amendment except that the conference agreement eliminates the provisions under which specified amounts of the proceeds of postage on first-class mail would be paid into the Fund, and instead authorizes the appropriation to the Fund, for each of the next three fiscal years, of such amounts as the Congress may determine to be necessary to carry out the purposes for which the Fund is established.

INCREASES IN COMPENSATION OF POSTAL EMPLOYEES

Title IV of the Senate amendment provided for increases in the rates of basic salary of postal field service employees and set forth the operation, coverage, and effective dates of such increases. Title IV also proposed to amend the Postal Field Service Compensation Act of 1955 (Public Law 68, Eighty-fourth Congress; 39 U. S. C. 951-1038), by striking out the existing Postal Field Service Schedule, Rural Carrier Schedule, and Fourth-Class Office Schedule and inserting corresponding new schedules which provided generally higher rates of basic salary.

These new schedules also provided additional salary rates identified by the term "temporary rate" in *all levels* of the Rural Carrier Schedule and the Fourth-Class Office Schedule, and in the *first seven levels* of the Postal Field Service Schedule. The Senate amendment provided that the temporary rate would be in effect, in lieu of the regular scheduled rate, for the period beginning on the effective date of the Senate amendment and ending three years after such effective date.

The House bill contained no provisions for adjusting the basic salaries of postal field service employees.

1. POSTAL FIELD SERVICE SCHEDULE

Basic salary is paid in accordance with the Postal Field Service Schedule to all employees in the postal field service except postmasters in post offices of the fourth class and carriers in the rural delivery service. The Postal Field Service Schedule has 20 salary levels. Each of the first 18 levels has seven step rates. Level 19 has 5 step rates. Level 20 has a single rate.

SENATE AMENDMENT: Section 401 (a) of the Senate amendment provided for a *permanent increase* in compensation for all employees under the Postal Field Service Schedule (except those employees in salary level PFS-20) plus a *temporary* (three-year) cost of living adjustment for employees in the first seven salary levels of the Postal Field Service Schedule.

The *permanent increase* would have amounted to an upward adjustment of 7.5 percent in the existing rates of basic salary at the entrance step of all salary levels (except salary level PFS-20) of the Postal Field Service Schedule and an upward adjustment of 7.5 percent at the maximum step of the first fourteen salary levels. The amounts of the step increments in each salary level through salary level PFS-14 would have been increased consistently with the permanent increase of 7.5 percent in the rates of basic salary in those salary levels. There would have been no increase in the existing step increment of \$300 in salary levels PFS-15 through PFS-19 and no increase of any kind in salary level PFS-20. The amount of permanent increase at the maximum steps in the higher salary levels would have been 6.2 percent at the maximum step of salary level PFS-15, 6.4 percent at the maximum steps of salary levels PFS-16 and PFS-17, 6.5 percent at the maximum step of salary level PFS-18, and 4.6 percent at the maximum step of salary level PFS-19. The number of steps in salary level PFS-19 would have been reduced from 5 steps to 4 steps. The maximum step of salary level PFS-19 would have been fixed at \$100 per annum less than the per annum rate of \$16,000 for salary level PFS-20.

The *temporary or three-year cost of living adjustment* would have added \$240 per annum to the new permanent rates of basic salary for employees in each of the first five salary levels, \$160 per annum for employees in salary level PFS-6, and \$80 per annum for employees in salary level PFS-7.

In terms of percentage, the aggregate increase would have ranged from 15.8 percent in step 1 of salary level PFS-1 to 4.6 percent in the maximum step of salary level PFS-19, with no increase in salary level PFS-20.

HOUSE BILL: The House bill contained no provisions similar to section 401 (a) of the Senate amendment.

CONFERENCE SUBSTITUTE: Section 401 (a) of the conference substitute amends subsection 301 (a) of the Postal Field Service Compensation Act of 1955 by striking out the Postal Field Service Schedule and inserting a new Postal Field Service Schedule which provides (1) the permanent rates of basic salary which were set forth in the Senate amendment, (2) temporary rates of basic salary in salary levels PFS-1 to PFS-6, inclusive, amounting to 2.5 percent above such permanent rates in such salary levels, and (3) temporary

rates of basic salary in salary level PFS-7 amounting to 1.5 percent above such permanent rates in such salary level.

The new Postal Field Service Schedule provides the following ranges of total increase:

Level 1-----	\$290-\$380	Level 11-----	\$480-\$570
2-----	315- 405	12-----	525- 645
3-----	340- 430	13-----	580- 700
4-----	375- 465	14-----	640- 760
5-----	395- 485	15-----	700- 700
6-----	430- 520	16-----	775- 775
7-----	415- 475	17-----	855- 855
8-----	365- 455	18-----	960- 960
9-----	395- 485	19-----	1, 000- 700
10-----	435- 525	20-----	0

2. RURAL CARRIER SCHEDULE

Basic salary is paid to all carriers in the rural delivery service in accordance with the Rural Carrier Schedule. The Rural Carrier Schedule is based in part on fixed compensation per annum and in part on specified rates per mile per annum. The Rural Carrier Schedule contains seven steps.

SENATE AMENDMENT: Section 401 (b) of the Senate amendment provided for a permanent increase of approximately 7.5 percent for the rural carrier on a 42-mile route. This increase would have corresponded to the permanent increase for the city carrier with whom the rural carrier on the 42-mile route traditionally is aligned.

The Senate amendment would have granted a *permanent increase* of varying amounts other than the 7.5 percent for rural carriers on routes of other mileage because the proposed new Rural Carrier Schedule provided for an upward adjustment only in the fixed compensation per annum and without change in the existing specified rates per mile per annum.

For example, the permanent increase would have been 14.1 percent at step 1 of the 6-mile route, 10.6 percent at step 1 of the 16-mile route, 8.6 percent at step 1 of the 25-mile route, 7.8 percent at step 1 of the 30-mile route, 6.6 percent at step 1 of the 60-mile route, 6.1 percent at step 1 of the 75-mile route, and 5.2 percent at step 1 of the 110-mile route.

The *temporary or three-year cost of living adjustment* would have been provided with respect to *all* routes by adding \$240 per annum to the permanent increase in each step. This method would have produced the following results with respect to the combined permanent and temporary percentage increase: a total increase of 13.6 percent at step 1 of the 42-mile route, 26.3 percent at step 1 of the 6-mile route, 19.8 percent at step 1 of the 16-mile route, 16.1 percent at step 1 of the 25-mile route, 14.6 percent at step 1 of the 30-mile route, 12.3 percent at step 1 of the 60-mile route, 11.4 percent at step 1 of the 75-mile route, and 9.8 percent at step 1 of the 110-mile route.

HOUSE BILL: The House bill contained no provisions similar to section 401 (b) of the Senate amendment.

CONFERENCE SUBSTITUTE: Section 401 (b) of the conference substitute amends subsection 302 (a) of the Postal Field Service Compensation Act of 1955 by striking out the Rural Carrier Schedule and inserting a new Rural Carrier Schedule which provides (1) the

permanent rates of basic salary which were set forth in the Senate amendment, and (2) temporary rates of "fixed compensation per annum" which exceed the existing rates of fixed compensation by the same amounts as the temporary rates in the corresponding steps of salary level PFS-4 in the Postal Field Service Schedule exceed the existing rates in such steps of such salary level.

The resulting schedule, while producing a wide range of percentage increases throughout the Rural Carrier Schedule, provides a percentage increase in step 7 for the rural carrier on the 42-mile route which is equivalent to the percentage increase for a city carrier in step 7 of salary level PFS-4. This relationship reflects the traditional alignment between city letter carriers and rural carriers on the 42-mile route.

3. MAXIMUM COMPENSATION FOR RURAL CARRIERS ON HEAVY DUTY ROUTES

Section 302 (c) of the Postal Field Service Compensation Act of 1955 (69 Stat. 119; 39 U. S. C. 972 (c)) now provides that the Postmaster General may pay such additional compensation as he may determine to be fair and reasonable in each individual case to rural carriers serving heavily patronized routes not exceeding 61 miles in length, but that he may not pay additional compensation to a carrier serving such a route in an amount which would exceed \$4,700, when added to the basic salary for the maximum step in the Rural Carrier Schedule for his route.

SENATE AMENDMENT: Subsection 401 (c) of the Senate amendment proposed to increase from \$4,700 to \$5,035 (and to \$5,275 during the period for which the temporary cost of living adjustment would have been in effect) the maximum total compensation which may be paid to rural carriers who receive additional compensation for serving heavily patronized routes.

In terms of permanent salary rates, the existing maximum compensation payable to such rural carriers would have been increased by 7.1 percent.

In terms of temporary rates, the existing maximum compensation payable to such rural carriers would have been increased by 12.2 percent.

HOUSE BILL: The House bill contained no provisions similar to subsection 401 (c) of the Senate amendment.

CONFERENCE SUBSTITUTE: Section 401 (c) of the conference substitute adopts the permanent rate contained in the Senate amendment and establishes a temporary rate which exceeds the existing \$4,700 maximum combined compensation by \$465, to correspond with the amount by which the temporary rate of fixed compensation for rural carriers in step 7 is increased over the existing rate of fixed compensation for such rural carriers.

4. FOURTH-CLASS OFFICE SCHEDULE

Basic salary is paid in accordance with the Fourth-Class Office Schedule to all postmasters in post offices of the fourth class, based on the gross postal receipts as contained in returns of the post office for the calendar year immediately preceding. The Fourth-Class Office

Schedule has 8 categories of gross receipts, with a range of 7 per annum rates and steps for each category.

SENATE AMENDMENT: Subsection 401 (d) of the Senate amendment provided for a permanent 7.5 percent increase in basic salary for all employees compensated under the Fourth-Class Office Schedule and a temporary or three-year cost of living adjustment of an additional 5 percent. The total increase provided for by such section 401 (d) would have been 12.5 percent above the existing rates in the Fourth-Class Office Schedule.

HOUSE BILL: The House bill contained no provisions similar to section 401 (d) of the Senate amendment.

CONFERENCE SUBSTITUTE: Section 401 (d) of the conference substitute amends subsection 303 (a) of the Postal Field Service Compensation Act of 1955 by striking out the Fourth-Class Office Schedule and inserting a new Fourth-Class Office Schedule which (1) adopts the permanent rates of basic salary contained in the Senate amendment, with certain downward modifications to ensure uniform increases between steps in the various categories of gross receipts, and (2) provides temporary rates which incorporate additional increases averaging 2.5 percent above such permanent rates.

5. DURATION OF TEMPORARY RATES

SENATE AMENDMENT: Section 401 (e) of the Senate amendment proposed the addition of a new subsection (c) to section 304 of the Postal Field Service Compensation Act of 1955 (69 Stat. 121; 39 U. S. C. 974). The new subsection (c) provided that the temporary per annum rates, wherever provided by a basic salary schedule contained in title III of the Postal Field Service Compensation Act of 1955, would be in effect, in lieu of the regular scheduled rate, for the period beginning on the effective date of the new subsection (c) and ending three years after such effective date.

HOUSE BILL: The House bill contained no provisions similar to section 401 (e) of the Senate amendment.

CONFERENCE SUBSTITUTE: Section 401 (e) of the conference substitute adopts the provisions of section 401 (e) of the Senate amendment, except that the conference substitute provides that the temporary period will end on the last day of the last pay period which begins not more than three years after the effective date of title IV of the conference substitute—that is, the first day of the first pay period which began on or after January 1, 1958.

6. INCREASES IN THE "SAVED RATES" OF CERTAIN POSTAL FIELD SERVICE EMPLOYEES

Section 504 of the Postal Field Service Compensation Act of 1955 (69 Stat. 124; 39 U. S. C. 994) provided protection for certain postal field service employees against reduction of their former rates of compensation by reason of the operation of the new postal field service classification and salary system provided by such Act.

For some postal field service employees, the operation of such section 504 has resulted in the retention of salary rates which exceed the respective maximum scheduled rates of the respective salary levels

of the Postal Field Service Schedule, the Rural Carrier Schedule, or the Fourth-Class Office Schedule, as the case may be, to which the positions of the employees concerned are allocated.

SENATE AMENDMENT: Section 402 (a) of the Senate amendment provided that the annual rate of basic salary of any officer or employee whose existing basic salary, by reason of section 504 of the Postal Field Service Compensation Act of 1955, is at a rate between two scheduled rates, or above the highest scheduled rate in the applicable schedule of rates, would be increased by an amount equal to the amount of the increase made by title IV of the Senate amendment in the next lower rate in such schedule.

Under such section 402 (a) an employee whose position is ranked in salary level PFS-6, but whose existing rate of basic salary is above the maximum scheduled rate of such salary level, would receive the same amount of increase as would be provided under the Senate amendment for the rate of step 7 of salary level PFS-6.

Section 402 (b) of the Senate amendment ascribed to the term "basic salary", as used in section 402, the same meaning as when used in the Postal Field Service Compensation Act of 1955. Such section 402 (b) in effect made applicable with respect to the provisions of section 402 (a) the definition of "basic salary" contained in section 101 (7) of the Postal Field Service Compensation Act of 1955 (69 Stat. 89; 39 U. S. C. 951 (7)), which provided that "basic salary" means the rate of annual or hourly compensation specified by law, exclusive of overtime, night differential, and longevity compensation.

HOUSE BILL: The House bill contained no provisions similar to section 402 of the Senate amendment.

CONFERENCE SUBSTITUTE: Section 402 (a) of the conference substitute adopts the provisions of section 402 (a) of the Senate amendment.

7. INCREASES IN BASIC SALARY NOT "EQUIVALENT INCREASES"

SENATE AMENDMENT: Section 403 of the Senate amendment provided, in effect, that a basic salary increase under title IV of the Senate amendment shall not be considered to be an "equivalent increase" in basic salary within the purview of section 401 (a) of the Postal Field Service Compensation Act of 1955 (69 Stat. 122; 39 U. S. C. 981 (a)).

Section 401 (a) of such Act (which relates to automatic advancement by step-increases for postal field service employees) provides that a step-increase may be granted only if no "equivalent increase" in basic salary from any cause was received during the period of service on the basis of which such step-increase otherwise would be granted.

By providing that the basic salary increases under title IV of the Senate amendment shall not be considered to be "equivalent increases" within the meaning of section 401 (a), section 403 of the Senate amendment makes it clear that the receipt of the basic salary increases proposed by title IV of the Senate amendment would not have the effect of depriving any employee of any regular periodic step-increase to which he otherwise would be entitled under any provision of section 401.

HOUSE BILL: The House bill contained no provisions similar to section 403 of the Senate amendment.

CONFERENCE SUBSTITUTE: Section 403 of the conference substitute adopts the provisions of section 403 of the Senate amendment.

8. POSTAL EMPLOYEES OF THE CANAL ZONE GOVERNMENT

SENATE AMENDMENT: Section 404 of the Senate amendment proposed to authorize and direct the Governor of the Canal Zone to grant, retroactively effective as of January 1, 1958, to postal employees of the Canal Zone Government, increases in basic salary corresponding to the increases in basic salary provided by title IV of the Senate amendment for similar employees. Section 404 of the Senate amendment is in accordance with the policy contained in section 804 of the Postal Field Service Compensation Act of 1955 (69 Stat. 130; 39 U. S. C. 1034) which provides for the adoption of applicable provisions of such Act for postal employees of the Canal Zone Government.

HOUSE BILL: The house bill contained no provisions similar to section 404 of the Senate amendment.

CONFERENCE SUBSTITUTE: Section 404 of the conference substitute adopts the provisions of section 404 of the Senate amendment.

9. APPLICABILITY TO GUAM

SENATE AMENDMENT: Section 405 of the Senate amendment specifically provided that title IV of the Senate amendment (provisions relating to increases in basic salary for postal field service employees) shall have the same force and effect within Guam as within other possessions of the United States.

HOUSE BILL: The House bill contained no provisions similar to section 405 of the Senate amendment.

CONFERENCE SUBSTITUTE: Section 405 of the conference substitute is the same as section 405 of the Senate amendment, except that section 405 of the conference substitute is made applicable to *all* of the provisions of the conference substitute.

Section 25 (b) of the Organic Act of Guam (64 Stat. 391; Public Law 630, Eighty-first Congress) provides that—

* * * no law of the United States hereafter enacted shall have any force or effect within Guam unless specifically made applicable by Act of the Congress either by reference to Guam by name or by reference to "possessions" * * *

Section 405 of the conference substitute is intended to remove any inference that all of the provisions of the conference substitute do not apply to Guam by providing specifically that the conference substitute will have the same force and effect within Guam as within other possessions of the United States.

10. CLASSES OF INDIVIDUALS ENTITLED TO PAYMENT OF RETROACTIVE COMPENSATION OR SALARY INCREASE

SENATE AMENDMENT: Section 406 of the Senate amendment provided that, except for postal field service employees who died or retired during the retroactive period, the payment of retroactive salary

or compensation by reason of title IV of the Senate amendment would be made only in the case of individuals in the service of the United States (including service in the Armed Forces of the United States) or of the municipal government of the District of Columbia on the date of enactment of title IV. Retroactive payment also would be made, for services rendered during the retroactive period, in the case of postal field service employees who retired or died during such period. For the purposes of section 406, service in the Armed Forces of the United States, in the case of an individual relieved from training and service in the Armed Forces of the United States or discharged from hospitalization following such training and service, would include the period provided by law for the mandatory restoration of such individual to a position in or under the Federal Government or the municipal government of the District of Columbia.

HOUSE BILL: The House bill contained no provisions similar to section 406 of the Senate amendment.

CONFERENCE SUBSTITUTE: Section 406 of the conference substitute, the operation and effect of which is discussed below, is the same as section 406 of the Senate amendment.

Section 406 of the conference substitute delineates the classes of individuals entitled to receive payment of the amount of any increase in salary or compensation which is payable, under authority of title 406 of the conference substitute, with respect to a postal field service employee within the purview of such title, for any retroactive period of service of such employee which is covered by such title.

Subsection (a) of section 406 of the conference substitute provides, in effect, that the amount of any increase in the rate of compensation or salary of any individual resulting from the enactment of title IV of the conference substitute for any period, beginning on and after the first day of the first pay period which began on or after January 1, 1958, and ending on or before the date of enactment of such title IV, during which period such individual was on the rolls in the postal field service (excluding time on such rolls with respect to which no compensation in salary was payable), shall be paid, as follows:

(1) to such individual, if, on such date of enactment (A) he is on the rolls as an employee in the postal field service or on any other employment roll of the Federal Government or of the municipal government of the District of Columbia, (B) is in the service of the Armed Forces of the United States, or (C) is retired under the Government civilian retirement system to which he is subject, or

(2) to the survivor or survivors, in accordance with the order of precedence and other provisions contained in the Act of August 3, 1950 (Public Law 636, Eighty-first Congress), as amended (5 U. S. C. 61f-61k), relating to the settlement of accounts of deceased Government officers and employees, of any such individual who has died prior to such date of enactment, if, at the time of his death, such individual was (A) on the rolls as an employee in the postal field service or on any other employment roll of the Federal Government or of the municipal government of the District of Columbia, (B) in the service of the Armed Forces of the United States, or (C) retired under such retirement system.

The order of precedence for payment to survivors under the Act of August 3, 1950, is as follows: first, the beneficiary or beneficiaries

appropriately designated by the deceased officer or employee; second, the widow or widower of such officer or employee; third, the child or children of such officer or employee and descendants of deceased children by representation; fourth, the parent or parents of such officer or employee; and, fifth, the legal representative of the estate of such officer or employee or, if none, to the person or persons determined to be entitled thereto under the laws of the domicile of the officer or employee.

Subsection (a) of section 406 of the conference substitute expressly provides for payment of the increase in compensation or salary for the retroactive period to the survivor or survivors of a deceased individual only in the case in which such individual dies prior to the date of enactment of title IV of the conference substitute. If the individual dies on or after such date of enactment, his right to receive payment of such increase would have vested in him during his lifetime under that part of such subsection (a) which provides for payment to an individual on the employment rolls on such date. Consequently, the survivor or survivors of such individual would be entitled to receive payment of the unpaid amount of such increase as an item of the employment account of such individual to be settled under the provisions of the Act of August 3, 1950, in the same manner as in the case of the application of such Act with respect to the settlement of accounts of deceased Government officers and employees generally.

Section 406 (a) of the conference substitute also provides that such retroactive compensation or salary shall not be considered as basic salary for the purposes of the Civil Service Retirement Act in the case of any such retired or deceased postmaster, officer, or employee.

Subsection (b) of section 406 of the conference substitute provides that, in the case of an individual who is relieved from training and service in the Armed Forces of the United States or who is discharged from hospitalization following such training and service, the period provided by law for the mandatory restoration of such individual to a position in or under the Federal Government or the municipal government of the District of Columbia also shall be deemed to be service in the Armed Forces of the United States for purposes of such section. This mandatory restoration period of 90 days in the case of relief from such training and service and 90 days after relief from not more than one year of such hospitalization is established by section 9 of the Universal Military Training and Service Act (50 App. U. S. C. 459).

11. EFFECTIVE DATES FOR SALARY INCREASE PROVISIONS

SENATE AMENDMENT: Section 407 of the Senate amendment provided the effective dates for the salary increase provisions of title IV of the conference substitute.

Section 407 (a) provided that title IV would become effective as of the first day of the first pay period which began on or after January 1, 1958.

Section 407 (b) provided that, for the purposes of determining the amount of insurance for which an officer or employee is eligible under the Federal Employees' Group Life Insurance Act of 1954 (5 U. S. C. 2091-2103), all changes in rates of compensation or salary which result from the enactment of title IV shall be held and considered to be effective as of the date of enactment of title IV.

HOUSE BILL: The House bill contained no provisions similar to section 407 of the Senate amendment.

CONFERENCE SUBSTITUTE: Section 407 of the conference substitute adopts the provisions of section 407 of the Senate amendment.

It may be noted that subsection (b) of section 407 of the conference substitute establishes the date of enactment of title IV of the conference substitute as the date on which the changes in rates of compensation or salary made by such title will become effective for the purpose of determining the amount of insurance for which an employee (whose compensation or salary is so changed) is eligible under the Federal Employees' Group Life Insurance Act of 1954 (5 U. S. C. 2091-2103).

The Federal Employees' Group Life Insurance Act of 1954 provides for the granting of life and accident insurance to a Government employee in an amount approximating his annual compensation or salary. Title IV of the conference substitute provides salary or compensation increases to postal field service employees for a past or retroactive period as well as for periods in the future. As a result of these increases, some postal field service employees will become eligible for greater amounts of insurance under such Act.

Subsection (b) of section 407 of the conference substitute is necessary, however, in order to avoid certain problems which might result from the application of such increases for past or retroactive periods.

Examples of these problems are as follows:

- (1) the liability of the employee to pay premiums for insurance based on the increased annual compensation or salary for the past or retroactive period;
- (2) the amount of insurance to which a deceased employee who died during the retroactive period was entitled at the time of his death; and
- (3) the amount of insurance to which an employee who retired during the retroactive period was entitled at the time of his retirement.

In order to avoid problems of this nature, subsection (b) of section 407 of the conference substitute provides that the salary or compensation increases will become effective on the date of enactment, for purposes of determining the amount of insurance of an employee under the Federal Employees' Group Life Insurance Act of 1954.

TITLE

With respect to the amendment of the Senate to the title of the House bill, the committee of conference recommends that the House recede from its disagreement to the amendment of the Senate to the title of the bill and agree to the same. Such title of the conference substitute is as follows: "An Act to establish a postal policy, to adjust postal rates, to adjust the compensation of postal employees, and for other purposes".

TOM MURRAY,
JAMES H. MORRISON,
JAMES C. DAVIS,
EDWARD H. REES,
ROBERT J. CORBETT,
Managers on the Part of the House.



Russell	Sparkman	Watkins
Saltonstall	Stennis	Wiley
Schaeppel	Symington	Yarborough
Smathers	Talmadge	Young
Smith, Maine	Thurmond	
Smith, N. J.	Thye	

Mr. MANSFIELD. I announce that the Senator from Virginia [Mr. BYRD] and the Senator from Missouri [Mr. HENNING] are absent on official business.

The Senator from Louisiana [Mr. LONG] is absent because of illness.

Mr. DIRKSEN. I announce that the Senator from Colorado [Mr. ALLOTT] is absent on official business.

The Senator from Maryland [Mr. BUTLER], the Senator from New Jersey [Mr. CASE], and the Senator from Vermont [Mr. FLANDERS] are necessarily absent.

The PRESIDING OFFICER. A quorum is present.

POSTAL RATES AND POSTAL PAY— CONFERENCE REPORT

Mr. JOHNSTON of South Carolina. Mr. President, I submit a report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 5836) to readjust postal rates and to establish a congressional policy for the determination of postal rates, and for other purposes. I ask unanimous consent for the present consideration of the report.

The PRESIDING OFFICER (Mr. NEUBERGER in the chair). The report will be read for the information of the Senate.

The legislative clerk read the report.

(For conference report, see House proceedings of today.)

The PRESIDING OFFICER. Is there objection to the present consideration of the report?

There being no objection, the Senate proceeded to consider the report.

The PRESIDING OFFICER. The question is on agreeing to the conference report.

Mr. KNOWLAND. Mr. President, I ask for the yeas and nays.

The yeas and nays were ordered.

Mr. JOHNSTON of South Carolina obtained the floor.

Mr. JOHNSON of Texas. Mr. President, will the Senator yield?

Mr. JOHNSTON of South Carolina. I yield.

Mr. JOHNSON of Texas. Does the Senator have any idea how long he will discuss the conference report, and about how long it will be before a vote on it can be scheduled?

Mr. JOHNSTON of South Carolina. I would say that I shall consume about 12 or 15 minutes. I cannot tell, however, how long the questioning will proceed. I do not believe it will be very long.

Mr. JOHNSON of Texas. I assume there is considerable unanimity prevailing in regard to the decision the conferees have reached, although I am not able to speak with authority on the matter. I personally support the conference report. However, I do wish to be sure that all Senators are notified so that they will have an opportunity to vote on

the question, because we have spent months—yes, even years—in attempting to enact very desirable legislation, both in the rate field and in the pay field. It would be unfortunate to have a division of sentiment at the last moment and take any chances of the report not being adopted. I do not believe that is likely to occur; but I see no other purpose to be served by having a yea-and-nay vote, unless it is to make a record. For that reason I wish every Senator to have the opportunity to be present. Therefore, I believe that Senators should be on notice that we expect to vote sometime before 4:30 p. m. on the conference report, if that is at least possible. Does the Senator agree?

Mr. JOHNSTON of South Carolina. I agree, so far as I am personally concerned. Of course, I do not know how much questioning there will be. I shall be very brief.

Mr. JOHNSON of Texas. I thank the Senator.

Mr. JOHNSTON of South Carolina. Mr. President, the conference agreement on House bill 5836, the postal rate and pay bill, was reached only after weeks of deliberation.

I am very happy to report that the conference agreement has been approved by every one of the eight conferees. Furthermore, the statement of the managers on the part of the House, that will be filed in the House when the bill is brought up on that side, was read and approved before the conference agreement was signed. I mention this for two reasons. First, on such a complex and controversial matter, it is unusual that every problem be resolved in such a satisfactory manner. Second, it is also unusual for everyone to completely agree on the bill as well as the report on the bill.

This happy result is a source of great satisfaction to me and I am confident it will be viewed both in the Senate and in the House as complete assurance, if any be needed, that both the bill and the report are as complete, as accurate, and as factual as is humanly possible.

I should like to emphasize one further point of an overall character. Except for yielding to the House on first-class rates, the bill as agreed to is almost completely the version as passed here in the Senate some weeks ago. Yet not a single decision was made lightly. None was made quickly. Not one concession was made or gained easily by either side. At times the outlook for agreement seemed dim. It was only because of the dedication to the task by each conferee on both sides that a satisfactory overall agreement was finally reached.

Neither side nor any one conferee won a smashing victory or suffered a crushing defeat. The agreement in many respects is a compromise between honest, strong, and sincere convictions of a widely divergent nature. Nonetheless, the conference agreement on an overall basis is better perhaps than either the House or Senate versions of the bill standing alone.

In my opinion, the agreement will stand as a lasting tribute to our democratic process under which differences between the House and Senate are re-

solved in free conference, with the national interest as the only real issue in the hearts of the conferees.

Mr. President, I propose to take only a few minutes to summarize briefly the highlights of the bill as agreed to in conference. I shall then be happy to answer any questions.

Title I establishes a postal policy designed to provide a lasting basis for the maintenance of a sound and equitable rate structure.

One of the basic precepts of the policy is that the total loss on mail carried free or at reduced rates as provided by statute shall be considered a public service to be paid for from the general fund of the Treasury and not charged to other classes of the mail. It is well that the public know what services are of a public service nature and exactly what they cost.

Title I of the bill is deemed by many to be the most progressive piece of postal legislation agreed to in many years. In this connection, I am happy to announce that the Senate was successful in gaining acceptance of its position virtually intact.

The major exception to the Senate policy statement was the elimination of rural free delivery from the list of public service items. The determination not to include rural free delivery as a public service item was based on a clear agreement that it be passed over as an unresolved issue, without prejudice to further legislative consideration at a later date. This decision was reached in order not to further delay final agreement on the bill.

The agreement in this connection emphasized that the action taken is not to be construed as authorizing or requiring the elimination of any rural route, nor is it intended to preclude the making of appropriations for the operation of rural free delivery routes on a public service basis.

Title II relates to postal rates which in summary are changed as follows:

Letters of the first class are increased from 3 cents to 4 cents.

Post and postal cards are increased from 2 cents to 3 cents.

Domestic airmail letters are increased from 6 cents to 7 cents.

Domestic airmail cards are increased from 4 cents to 5 cents.

The pound rates on publications of the second-class are exactly as set forth in the table in the bill passed by the Senate. The table provided for 3 annual increments of approximately 10 percent each on the reading portion of such publications and similarly 3 annual increments of approximately 20 percent each on the advertising portion of such publications.

The minimum charge per piece on publications of the second-class is increased from one-eighth of one cent by one-eighth of a cent annually until it reaches one-half cent. However, publications of certain nonprofit organizations and publications designed for classroom use continue to be exempt from any increase.

The rate on controlled circulation publications is increased from the pres-

ent rate of 10 cents for those not over 8 ounces and 11 cents for those over 8 ounces to a uniform rate of 12 cents per pound regardless of the weight.

The piece rate on individual mailings of the third class is raised from 2 cents to 3 cents on the first 2 ounces and from 1 cent to 1½ cents for each additional ounce.

The piece rate on bulk mailings of circulars, and so forth, of the third class is raised from the present rate of 1½ cents to an eventual rate of 2½ cents in 2 equal increments of ½ cent each.

There was real concern among the conferees over the effect which third-class bulk rate increases might have on small businesses of the Nation. For this reason the conference agreement authorizes and directs the Department of Commerce and the Small Business Administration to make separate studies of the matter after the first increase and prior to the second increase so the Congress can take remedial action should it be deemed necessary.

The minimum charge per piece for bulk matter of the third class mailed by certain nonprofit organizations is 50 percent of the regular minimum rate.

The pound rate on bulk mailings of circulars, and so forth, of the third-class is increased from 14 cents to 16 cents.

The annual fee for third-class mailing permits is raised from \$10 to \$20.

The pound rate on mailings of the fourth-class is raised from 8 cents on the first pound and 4 cents for each additional pound to 9 cents on the first pound and to 5 cents on each additional pound.

The conference agreement includes a provision to the effect that nothing in the policy shall be deemed to require a downward adjustment in fourth-class parcel post rates existing on the date of enactment. In other words, it was believed that users of the mail have the right to know exactly what their rates of postage will be for a reasonable future period of time. This knowledge and assurance of the stability of postage rates will be helpful to business both large and small at this time when every possible encouragement is so badly needed.

Title III establishes a postal modernization fund as provided for in the Senate passed bill, but in a modified form.

The bill passed by the Senate earmarked a fixed amount of postal revenues for the fund. The conference agreement merely establishes the fund to enable the Post Office Department to retain funds unused during a fiscal year for use in subsequent fiscal years when Congress appropriates such funds for such purposes.

I come now to the part of the bill relating to the pay increase for postal employees.

Title IV of the bill provides for a permanent pay increase of 7½ percent, plus a temporary adjustment for 3 years of 2½ percent in levels 1 through 6 and 1½ percent in level 7, with a comparable adjustment for rural letter carriers and postmasters of the fourth class. Both the permanent and temporary increases are made effective at the beginning of

the first pay period starting on or after January 1, 1958.

Mr. President, the bill that passed the Senate provided an eventual maximum increase in revenues of \$730 million annually, \$175 million of which would have been temporary for a 3-year period. The conference agreement provides for an eventual increase in revenues of \$547 million, according to the Post Office Department estimate which I hold in my hand. I myself believe that the bill will result in revenues of \$575 million, according to the information we have received from all sources.

The pay provisions of the Senate-passed bill would have cost \$320 million annually.

The pay provisions of the conference agreement will cost \$265 million annually, as estimated.

This difference is a reduction of \$55 million annually in the cost of the pay increases.

The cost for fiscal year 1958, ending June 30, will be \$115 million. The reason the cost for what appears to be a half year, that is, from January to July, is less than half the annual cost, is that the period of January to July includes no Christmas help and covers, in fact, only 12 biweekly pay periods out of a total of 26 pay periods in a full year.

Mr. President, from an operating standpoint, the Post Office Department technicians view this bill as the best piece of postal legislation developed in more than 40 years.

I am not aware of how it may be viewed otherwise by the Post Office Department. As for me, I think it is all in all, a good bill. I think it would be safe to predict that the problems involved in even attempting to work out a revised rate bill would be insurmountable in the foreseeable future.

Mr. PASTORE. Mr. President, will the Senator yield?

Mr. JOHNSTON of South Carolina. I yield.

Mr. PASTORE. Did I correctly understand the Senator from South Carolina to say that the pay raises will be retroactive to the first pay period beginning after January 1, 1958?

Mr. JOHNSTON of South Carolina. That is correct.

Mr. PASTORE. I compliment the Senator from South Carolina. I believe that the good results of the bill are due in large measure to the able leadership he gave to the conference.

Mr. JOHNSTON of South Carolina. I thank the Senator from Rhode Island.

Mr. President, I have completed my statement. I think the Senator from Kansas [Mr. CARLSON] wishes to make a statement, but I will answer any questions which may be directed to me at this time.

Mr. LANGER. Mr. President, will the Senator from South Carolina yield to me?

The PRESIDING OFFICER (Mr. TALLMADGE in the chair). Does the Senator from South Carolina yield to the Senator from North Dakota?

Mr. JOHNSTON of South Carolina. I yield.

Mr. LANGER. Mr. President, I wish to compliment the distinguished Senator from South Carolina on the statement he has made on the conference report. I agree with what he has said about it.

Mr. President, I ask unanimous consent to have printed at this point in the RECORD, as a part of my remarks, a statement by me in support of the report.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

STATEMENT BY SENATOR LANGER

The postal workers of the United States have waited a long time for an upward adjustment in their wages. They have had only one wage increase since 1951. That increase was totally inadequate. It amounted to 8½ percent.

In the meantime, the cost of living in our great country has increased more than 20 percent. Therefore, I want to align myself with my colleagues in the United States Senate who are supporting the conference report.

In so doing, I want to make the record crystal clear that even this amount is insufficient to accomplish the objectives of the postal workers.

Many of my colleagues on the Senate floor know that not only postal employees are working at extra jobs, but their wives as well find it necessary to seek employment in order to make enough to meet everyday living costs. This bill constitutes a step in the right direction, and I urge my colleagues on both sides of the aisle to support the report brought in by the Senate-House conferees.

Mr. JOHNSTON of South Carolina. Mr. President, if there are no other questions, I yield the floor so the Senator from Kansas [Mr. CARLSON] may address the Senate.

Mr. CARLSON. Mr. President, the distinguished chairman of the Committee on Post Office and Civil Service has made a very fine statement regarding some of the problems which confronted the conference committee and regarding the work done by the Committee on Post Office and Civil Service, and also in general explanation of the conference report.

The pending conference report is the result of much effort on the part of the conferees. In addition, it is the result of years of work on postal rates, by the Senate Committee on Post Office and Civil Service.

I believe I can state that, as in the case of most conference reports, every item of the report does not meet with the approval of every member of the committee. However, in the final analysis, the report represents the best agreement we were able to reach.

Personally, I am disappointed with several features of the report.

In the first place, I believe Congress lost a great opportunity to write postal-pay legislation which would modernize the postal operations.

As a result of an amendment that I offered and action by the Senate, we could have, within a period of 3 to 5 years, provided a sufficient number of new buildings and modern automatic equipment to make our postal plant the equal of any modern industrial plant in the United States. Here we are, the wealthiest nation in the world; but we

are operating with a mediocre and deteriorating postal service.

Since 1938, not one new post office has been built with Government funds. Beginning in 1953, under the authority granted by Congress, the Post Office Department embarked on a program to encourage private industry to build, according to their specifications, new post office buildings which, in turn, are leased on a long-term basis by the Department. This is a fine program; but because of the uncertainties of funds available from year to year for new equipment, it is impossible to coordinate the need for new facilities with the available equipment.

Had the bill which was passed by the Senate been retained by the conferees, thousands of new post offices could have, and would have, been built under a lease-rental program. That was a golden opportunity to render a real service to our people and to the postal operations of the Nation.

Second, I feel that the conference report does a real injustice to thousands of our postal employees, by violating every principle of sound pay policy, in writing pay legislation that does not give proper consideration to those in administrative and supervisory positions in the Department.

Although the 2½-percent pay increase above the 7½-percent across-the-board pay increase may be justified on the basis of need, it does disrupt the principles and differentials embodied in Public Law 68, which was passed by this Congress as a sound salary schedule program measure.

I would not have signed this conference report, and would not today be urging the Senate adopt it, if I did not feel that, despite these inequities, our postal employees are entitled to, and should have, a postal-pay increase, and should have it now.

The RECORD will show that I offered an across-the-board postal-pay increase amendment when the matter was before the Senate, but my amendment did not prevail.

Third, I want the RECORD to show that in this instance I did not favor; and do not now favor, tying postal-pay legislation to postal-rate legislation. While it may be argued that it is an advantage to do so in this instance, I believe that in the future it might be fraught with great danger to further pay increases for our postal workers.

It is my contention that, regardless of the revenues of the Postal Department, our postal employees are entitled to fair and just salaries, based on the service they render.

Not only is it unfair to the postal workers of the Nation, but I think it is unfair to the executive branch of the Government, to have to pass on a bill that is, in the first instance, a revenue or a tax measure coupled with an appropriation bill.

Congress has always handled tax or revenue bills and appropriation bills by means of separate committees and separate actions.

The approval of this conference report will be a great relief to those of

us who have labored long and hard with the difficult problem of postal rates and postal pay.

Again, as I stated in the beginning, although I can think of many objections to this conference report, it is, in my opinion, the best that could be worked out under the circumstances.

Therefore, Mr. President, I hope the conference report will be agreed to by a unanimous vote of the Senate.

Mr. President, in the course of his statement, the distinguished chairman of our committee referred to 2 or 3 items in which I not only concur, but regarding which I wish to make a few comments, for the legislative history.

For instance, the chairman mentioned the fact that title I establishes a postal policy which is designed to provide a lasting basis for the maintenance of a sound and equitable rate structure. This is a policy on which our committee has been working for at least 4 or 5 years. It seems to me that the approval by the conferees of a realistic policy section will be welcomed by all who recognize that the postal service performs many, many services for the American people without any charge, or else for fees which do not meet, or do not begin to meet, the actual costs.

The earmarking, as such, of purely public-service items will enable future Congresses to adjust postal rates and fees more equitably. The study conducted under my chairmanship in the 83d Congress recommended the policy section approved by the conferees. In my opinion it is a long, healthy step forward; and I am pleased that the distinguished chairman of the committee has also sponsored hearings on this very problem. He has consistently maintained this position; and we have finally brought the section to the Senate, for its consideration.

Our distinguished chairman has also discussed the third class rates, and has stated that they might have an effect on our economy at the present time, when a recession exists, because the third class mail is business-builder mail.

It seems to me that the conference report, in providing for an impact study with respect to the bulk third-class rate, has much merit. It must be remembered that direct-mail advertising is one of the principal selling tools of tens of thousands of small-business firms. The \$20 per thousand rate will go into effect January 1, 1959. If we find that the further increase to \$25 per thousand on July 1, 1960, would have an adverse effect, the Congress can take action to avoid hardships. I may say that the 2½-cent minimum piece rate approved by the conferees represents a 150-percent increase over the rate in effect in June 1952. That is a substantial rate increase in anyone's language.

The distinguished chairman of the committee also mentioned another item to which I wish to refer briefly, because in the committee we had considerable discussion of it. I refer to the item on controlled circulation.

In the course of his statement, the chairman of the committee said:

The rate on controlled circulation publications is increased from the present rate of 10 cents for those not over 8 ounces and 11 cents for those over 8 ounces to a uniform rate of 12 cents per pound regardless of the weight.

Mr. President, as one of the Senate's conferees on the bill, I should like to observe that the conferees took no action regarding controlled-circulation publications that was inconsistent with the wishes of the Senate which were so well expressed by the distinguished junior Senator from Oklahoma [Mr. MONROE] during the debate on the bill last February. The pertinent remarks of the Senator from Oklahoma, who was also a conferee, can be found on page 2355 of the CONGRESSIONAL RECORD for February 25, 1958.

Mr. President, with these few remarks and observations, let me say that I sincerely hope the conference report will receive the unanimous approval of the Senate.

Mr. BARRETT. Mr. President, will the Senator from Kansas yield to me?

Mr. CARLSON. I yield.

Mr. BARRETT. When the distinguished Senator from Kansas was discussing the proposed pay increase, I was somewhat under the impression that he was opposed to the proposed legislation. However, I note that his exception to the proposed pay raise was taken because of the fact that certain classes of the employees will be favored over others.

Is it not a fact that this is the first pay raise for the postal employees since 1955?

Mr. CARLSON. That is correct; in 1955, the Congress passed a pay increase bill for the postal employees.

Mr. BARRETT. And since 1955 the cost of living has increased approximately 7.8 percent, has it not?

Mr. CARLSON. The information that I have is that the consumers' price index for the cost of living has increased 7.78 percent since the last postal pay increase bill was enacted in June 1955.

Mr. BARRETT. So this increase of somewhat more than 10 percent, on the average, will just a little bit more than compensate for the increase in the cost of living during the past 3 years, will it not?

Mr. CARLSON. Yes. I have no objection to this pay increase, because I think it was justified at the hearings, where the distinguished Senator from Oregon showed that the persons in these brackets need this salary increase.

What I object to is that we are getting our salary schedules out of line, in so far as the supervisory and administrative employees are concerned.

I believe I should state for the RECORD that the conference report does not provide an increase in the pay of the supervisory employees in the upper brackets.

Increases for management personnel in levels 15 and above are scaled down to 7½ percent. The average increase for nonsupervisors is 10½ percent, but the average increase for supervisory employees is 7½ percent.

Let me state the difficulty which I think Congress is getting into. Congress will pass a bill increasing the pay

of classified employees, and I hope Congress will act soon. So far as the Senator from Kansas is concerned, classified employees are going to be paid as liberally as are postal employees. It is my hope that when Congress writes such legislation it will provide for increases across the board. I sincerely hope Congress will do that. When Congress acts, and the bill is signed by the President and becomes law, classified workers in the same Federal Government will be drawing larger salaries for supervisory work than will employees in the Postal Service. That is what I object to more than to the rate of pay provided.

Mr. BARRETT. Mr. President, will the Senator yield further?

Mr. CARLSON. I yield.

Mr. BARRETT. Can the Senator tell me what the prospects are that the bill will receive the approval of the President?

Mr. CARLSON. The Senator from Kansas is in no position to give an answer to the Senator from Wyoming. All the Senator from Kansas can do is say he hopes the Senate will approve the conference report unanimously and that the President will sign the bill.

Mr. JOHNSON of Texas. Mr. President, will the Senator yield?

Mr. CARLSON. I yield.

Mr. JOHNSON of Texas. I merely wish to express my deep appreciation to the Senator from South Carolina for the fine work and the ability which he has demonstrated as chairman of the conference. I express my pleasure that the Senate conferees, led by the distinguished Senator from South Carolina [Mr. JOHNSTON] and the very able and distinguished friend of mine from Kansas [Mr. CARLSON], have been able to resolve some 40 or 50 differences with the other body and to bring back to the Senate a much deserved and long overdue pay raise for thousands of patriotic public servants who are dedicated to their work, and who perform it willingly and for long hours, and in inclement weather.

I am proud of the Senate committee that has been able finally to get to the Senate a necessary pay-raise bill and a necessary rate-increase bill. I know of no two men who have worked more unselfishly and more devoted in the public interest than have the Senator from South Carolina [Mr. JOHNSTON] and the Senator from Kansas [Mr. CARLSON], with whom I served in the House for so long.

I also desire to express my appreciation to the other members of the committee, particularly the Senator from Oklahoma and the Senator from Oregon, for the contributions they have made, as well as to all members of the Committee on Post Office and Civil Service.

In view of what the Senator from Kansas has said, and in view of the very able statement made by the Senator from South Carolina, I have no doubt the conference report will get the approval of practically all Members of this body.

I hope the President will see the merits of the measure as we do, and will sign it promptly, so the people who deserve to receive pay increases will get them at the earliest possible date.

Mr. CARLSON. The Senator from Kansas appreciates very much the kind words of the majority leader. This was a very difficult job. We have been working on the rate-structure problem for 4 or 5 years. It was not an easy matter to resolve. We have had difficulty with the problem. It is only through the generosity and kindness of our committee that we come to the Senate with a unanimous report. Every member of the committee had different views. We resolved them, and brought the report to the Senate. As I stated earlier, I hope the Senate will approve the conference report.

Mr. THYE. Mr. President, I believe the conferees have reached what is a just and reasonable agreement regarding the salary scale as it applies to all employees, with the exception of supervisors, or the upper grades. The bill does disrupt the supervisors' pay scale in relation to the scales paid to lower grades. However, if we were the ones who were trying to clothe and feed our families and pay house rent or make downpayments on homes, and we knew we could not reach a higher level, perhaps we, like the mail carriers and clerks, would be very appreciative of the cost-of-living adjustment that has been written into the bill over and above the 7½ percent pay increase.

A 3-year period is provided in the bill. However, if that inequity were not corrected, but were permitted to run for the 3-year period, there would be no incentive for an employee's assuming the responsibilities of a supervisor, rather than remain a senior mail carrier or senior clerk. If one became a supervisor, he would have to become a junior in that class, and he would have to work evenings or have night hours as his shift. No clerk would be willing to assume that type of responsibility for the same level of pay. Therefore, the hope of getting competent men to take the supervisory type jobs in the postal service would possibly be jeopardized.

For that reason, if it would be possible, I would suggest that the Committee on Post Office and Civil Service give thought and consideration to correcting the inequity by increasing the pay scale of the supervisory worker. Without such an adjustment, it might be found that at the end of a year, or 2 years, or 3 years, there might be difficulty in having an employee assume the responsibility of a supervisor.

That is the only phase of the conference report about which I had any question. As to the rest of it, I commend the Senator from Kansas, as the senior member on the committee from the Republican side, and I also wish to commend the chairman, the Senator from South Carolina [Mr. JOHNSTON]. The Senators have done an excellent job. I know that some very able Members of the Senate, both Republican and Democratic, serve on the committee.

I am confident the President will sign the bill, because, in the main, it is perfectly sound, and the bill adjusts postal rates as they should have been adjusted even earlier than this time.

So I commend the Senators for a job well done. I know the postal employees

are deserving of the pay raise. I believe commercial employees have had about a 19-percent, or perhaps a 20-percent, increase in salaries. The bill will adjust the salaries of postal employees so as to bring the increases somewhere near the increases provided commercial employees in recent years.

Mr. CARLSON. The Senator from Minnesota has again, as he has on many occasions in the past, demonstrated his personal interest in the postal employees of the United States. I do not know of anyone in the Senate who has come to me more often in the last few months, both on the floor and off the floor, urging that we get the type of action taking place today. I am pleased the conferees have brought to the Senate a measure that at least partially meets the Senator's suggestions and hopes.

Mr. THYE. Mr. President, will the Senator yield further?

Mr. CARLSON. I yield.

Mr. THYE. The conference report is satisfactory in every respect other than with regard to the danger in the wage scale for the supervisors and those in the higher grades, since perhaps that is too low. That is the only phase of the conference report about which I am concerned. All other phases show a very just and proper agreement.

Mr. MONRONEY. Mr. President, will the Senator yield?

Mr. CARLSON. I yield to the Senator from Oklahoma.

Mr. MONRONEY. I should like to take this occasion to express my appreciation for the excellent work done by the distinguished chairman of the Committee on Post Office and Civil Service, the Senator from South Carolina [Mr. JOHNSTON] and the ranking minority member of the committee, the Senator from Kansas [Mr. CARLSON].

This is probably the most difficult bill considered in conference in recent years, since there were some 50 highly controversial and difficult differences as between the House and the Senate. The fact is that the House had passed its rate-increase bill last year, and the Senate passed the rate-increase bill this year. The fact is that the House bill of last year, passed as a separate bill last year, which provided a pay increase for postal workers, had been pocket vetoed last September. Those circumstances made it difficult to put the versions together.

I think the long 3 weeks which have been spent in a tedious and nearly endless conference, oftentimes with difficult decisions being unreachable at the time, have been resolved by the good humor, good patience, and perseverance of the distinguished chairman of the committee and ranking minority member of the committee.

Certainly no one who served on the conference committee received exactly the bill he wanted. I know the distinguished Senator from Kansas was disappointed many times. The distinguished chairman of the committee was disappointed many times. The junior Senator from Oklahoma was disappointed many, many, many times as to some of the things which we had fought

hard to keep in the bill when it was considered on the floor of the House of Representatives.

I think primarily there are two principal objectives of the bill. We have attempted to deal fairly and squarely with the men and women who carry the mail in good weather and foul, to help them meet the increased cost of living. We have endeavored to put the emphasis upon those who are the most poorly paid and who have the least chance for promotions within grade in the postal service. That is the keystone of the bill.

I am grateful indeed that the conference committee saw fit to provide for the 7½ percent permanent increase and the 2½ percent temporary increase. I give notice now that the junior Senator from Oklahoma, at least, believes the Congress should, before too many months, make the 2½ percent increase a part of the regular pay scales, and provide more adequate compensation for those who could not be helped because of the situation in the conference, rather than cutting the provision off at grade 5 as we were compelled to do under the rules of the conference.

I think we have treated the Treasury of the United States fairly. I think a revenue increase of more than a half billion dollars is long past due. All of the items related to post office operation, from salaries to transportation, and even to the mucilage which goes on the backs of the stamps, have increased in cost by significant amounts. It is high time that the rates should be revised in the interest of sound business operation of this branch of the Government.

I did not get all I wanted insofar as the rate structure was concerned. Many things which I thought were important were cut out. I think, however, I believe that by and large it is true we have resolved the matter properly. The 4-cent postage stamp issue was resolved in favor of the House position, and it will meet with the satisfaction of most of the public who use the mails to the greatest extent.

Some of the adjustments which perhaps needed to be made as between the bills passed by the 2 Houses were restricted by the rules of the conference, which made it absolutely impossible to reach a compromise below or beyond the limits prescribed by the bills as they came from the 2 Houses.

I wish to thank both the chairman of the committee and the ranking minority member of the committee for their patience, and for the long hours they worked, and the diligent work they did to perfect the measure, which I think will be hailed as an outstanding piece of legislation by the Congress.

Mr. CARLSON. Mr. President, I could not permit this opportunity to go by without expressing my appreciation to the junior Senator from Oklahoma for his part in the conference. I think I can state without violating any confidences that there were times when the chairman of the committee and I had about given up. It was the persistence and, I believe, the trading ability of the junior Senator from Oklahoma which made it possible to work out some com-

promises with the House conferees. I have to admit that after 3 weeks of these sessions—and we had many of them—at times the situation looked hopeless, but the junior Senator from Oklahoma never gave up, and we bring the conference report to the Senate. I know the conference report is largely due to the efforts of the junior Senator from Oklahoma.

Mr. JOHNSTON of South Carolina and Mr. NEUBERGER addressed the Chair.

The PRESIDING OFFICER. Does the Senator from Kansas yield; and, if so, to whom?

Mr. CARLSON. I yield to the chairman of the committee, the Senator from South Carolina [Mr. JOHNSTON].

Mr. JOHNSTON of South Carolina. I wish to say that in the conference at all times the ranking Republican member of the committee, the Senator from Kansas [Mr. CARLSON], worked diligently. If it had not been for the able assistance of the Senator from Kansas, we probably never could have secured a final and complete agreement.

The Senator from Oklahoma [Mr. MONRONEY] was also present at all times, giving us the benefit of his great experience of the past with the various matters concerning the civil-service workers and postal rates. If we had not had the benefit of the service of the Senator from Oklahoma on the conference committee, I doubt we could have persuaded the members of the committee to get together on several items on which we did agree.

I was blessed by having one Senator on my right and one Senator on my left who worked diligently every minute we were in conference.

Mr. CARLSON. I appreciate very much the fine statement of the chairman of the committee.

Mr. NEUBERGER rose.

Mr. CARLSON. I now yield to the distinguished Senator from Oregon, who did such a fine piece of work in the preliminary stages of the legislation by holding hearings as to postal pay and several other matters relating to our civil-service workers. I know there are many features of the bill about which the Senator from Oregon may not be happy, but I assure him we did the best we could.

Mr. NEUBERGER. The Senator from Kansas is characteristically kind, as usual. Of course, no one of us has exactly the kind of bill he wants, because that is symbolic of the legislative process, where the views and opinions of many have to be adjusted.

As Chairman of the Federal Pay Subcommittee, I merely wish to state that I believe the conference committee has brought forth a bill which is fair and just in most essentials. That does not mean that it is universally fair, but I believe that in its major aspects it is an excellent bill.

I am particularly conscious of the way in which the pay of postal employees has lagged behind the cost of living. As the Senator from Kansas has pointed out, we held extensive and voluminous hearings on this issue. We discovered that

many men and women employed by the Post Office Department have not been receiving sufficient pay to maintain their families on what we traditionally refer to as the American standard of living. Therefore, I think it is particularly sound that the pay increases have been made retroactive to the first of the year. While the delay in bringing forth the conference report on the bill may have caused some aggravation and disturbance, the people concerned and their families will not suffer because of such delay.

In addition, I wish to refer to what the Senator from Oklahoma pointed out so cogently. I agree with him that the so-called temporary increases should eventually be made permanent, because I think every Senator recognizes that the increases in the cost of living are permanent; and that, if anything, they will be subject to expansion rather than diminution, although we might wish that such costs could come down.

With respect to the supervisory employees, I agree with what has been said regarding unfairness to them. However, if I am not mistaken—and I should like to have the eminent chairman of the committee corroborate or dispute my statement in this connection—my Subcommittee on Federal Pay and the Full Committee on Post Office and Civil Service, which he heads, have already approved a bill known as Senate bill 3400. If I am not mistaken, that bill provides additional pay increases for supervisory employees.

Therefore, I think we are not a long way off, legislatively speaking, from bringing about justice to the supervisory employees. I know that the necessity of doing so was stressed by the distinguished junior Senator from Texas [Mr. YARBOROUGH], and the distinguished junior Senator from Wisconsin [Mr. PROXMIRE], as members of our committee, as well as by the distinguished junior Senator from Louisiana [Mr. LONG], who, we all regret, is ill today. We all wish for his speedy recovery.

Senate bill 3400 is before the committee. I believe that the full committee has ordered it to be favorably reported, and that we can take early steps to provide an upward adjustment in the pay of the supervisory employees. Is not that correct?

Mr. JOHNSTON of South Carolina. The Senator is correct.

Mr. NEUBERGER. In conclusion, I should like to ask one question of both the distinguished chairman of the committee and the distinguished ranking Republican member of the committee.

In my State the claim has been voiced that the rate revisions are not sufficiently large for second-class users of the mail and third-class users of the mail. The claim has been voiced that those who send so-called circulars or "junk" mail are not paying a sufficient increase, and that magazines and newspapers are not paying a sufficient increase. I do not happen to agree with that charge, but it has been expressed in my State. Therefore, I should like to ask the distinguished chairman of the committee if he happens to agree with that claim.

Mr. JOHNSTON of South Carolina. I believe that the increases provided in the bill are more than sufficient to cover the full cost involved. When these increases go into effect, there will be three 20-percent increases for advertising matter in second-class mail. That will amount to 60 percent. For ordinary reading matter or editorial matter, there will be three 10-percent increases. The increases had to be staggered, for the simple reason that if we were to put them all into effect at one time, many magazines would be driven out of existence.

Similar increases were made in the rates of third-class mail.

Mr. NEUBERGER. In other words, the chairman of the committee believes that the rate increases provided for are fair and adequate.

Mr. JOHNSTON of South Carolina. I believe they are. Further, I was pleased to have the Senator from Kansas [Mr. CARLSON] state for the RECORD that he is in complete agreement.

When many people consider second-class mail, and note the deficit in connection with second-class mail, they think only of magazines and newspapers. They forget that many people are getting a free ride in second-class, and that, by legislation, we give all the little county newspapers free circulation within the county; and, for that matter, all newspapers have free circulation within the county where they are published. As a result, a deficit results, but it should not be charged to those who are paying full or proper rates.

Mr. NEUBERGER. I agree with the distinguished chairman.

I should like to put the same question, very briefly, if I may, to the distinguished Senator from Kansas [Mr. CARLSON]. Does he feel that the increases provided for in the conference report for the use of second-class mail rates and third-class mail rates are both adequate and fair?

Mr. CARLSON. The rates in the bill are higher than I desired to have enacted into law. I favored three 10-percent rate increases for second-class. The bill provides three 10-percent rate increases for second-class reading matter, and three 20-percent increases in the case of advertising.

I should like to give the Senator the figures for the fiscal year 1960. In that year the rate increase on second-class mail will amount to \$15.4 million. In 1961, \$25.4 million; in 1962, \$30.4 million; and with respect to third-class, we have increased the rate 150 percent over the rate for 1951, the date of the last postal rate increase.

For the fiscal year 1960, that represents an increase of \$90.5 million; for 1961, an increase of \$133.7 million; and for 1963, an increase of \$133.7 million. That is a substantial increase, and if I had had my way the increases would have been lower.

Mr. NEUBERGER. I thank the able Senator.

In conclusion, I merely wish to emphasize that, as chairman of the subcommittee which handled pay legislation for the postal workers and for the classified employees generally, I believe

that, by and large and in the main, this is a fair bill. It does equity and justice not to all postal workers, unfortunately, but to a majority of postal workers. I hope that such deficiencies as remain can be taken care of by the subcommittee and the full committee later. I commend the Senate representatives at the conference.

Mr. CARLSON. Mr. President, I know of no Member of the Senate who did more spade work on this piece of legislation than did the junior Senator from Oregon. He did an outstanding job during many weeks of hearings and studies, and presented some very fine material to the full committee and to the Senate.

Mr. President, if no other Senator desires to speak, I wish to suggest the absence of a quorum.

Mr. YARBOROUGH. Mr. President, I wish to say to the distinguished chairman of the Post Office and Civil Service Committee and the distinguished ranking Republican member of that committee that it has been a privilege to work with them on the committee during the months they worked on the postal-pay bill. We heard discouraging reports during the negotiations with the House conferees. I wish to commend them and the other member of the conference committee, the distinguished junior Senator from Oklahoma [Mr. MONROE], for continuing negotiations week after week until an agreement was reached on the bill.

I doubt if any one of us could have sat down and written a better bill. Personally, I regretted to see my 2-cent post-card amendment go out of the bill. The Senate conferees were able to keep it in the bill until a very late stage. I thank them for making a fight for the 2-cent handwritten post card.

Those of us who have worked long and hard for the pay raise for postal employees are gratified that that amendment has been agreed to. As the able Senator from Oregon [Mr. NEUBERGER] has pointed out, we do not believe that the bill does exact justice to all the postal employees. However, we do believe that it is a far better bill than many of us thought a month ago would be possible, from our standpoint in the Senate. The conferees are to be commended for the success with which they have been able to retain in the bill so many of the features which the Senate had adopted.

I have heard in the past that the House conferees always outtrade the Senate conferees. I do not believe that has happened in this instance. The Senate conferees came out of conference with a bill which is far more representative of the ideas of the Senate Committee on Post Office and Civil Service, than did the House conferees, so far as their version was concerned.

I wish to congratulate the Senate conferees on having been defeated on the nickel letter rate and having come out with a bill which provides not for a 5-cent letter rate as between towns, but for a blanket rate of 4 cents. If we are to have an increase in the first-class mail rate, I feel very strongly that it should be a uniform increase, not a 5-cent rate

in certain instances and a 4-cent rate in other instances.

I wish to commend the three Senate conferees on the outstanding work they did in the conference, and to express my appreciation to them.

Mr. CARLSON. Mr. President, the distinguished Senator from Texas rendered outstanding service in the preparation of the bill. He did it in committee and on the floor of the Senate. We had written into the bill a 2-cent rate on hand-written postal cards. I wish the RECORD to show that the Senate conferees did everything they could to retain it, and only gave it up at the very last.

If there is nothing further to be brought up in connection with the conference report, I suggest the absence of a quorum.

The PRESIDING OFFICER (Mr. TALMADGE in the chair). The Secretary will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Aiken	Hayden	Morton
Anderson	Hickenlooper	Mundt
Barrett	Hill	Murray
Beall	Hoblitze	Neuberger
Bennett	Holland	O'Mahoney
Bible	Hruska	Pastore
Bricker	Humphrey	Payne
Bridges	Ives	Potter
Bush	Jackson	Proxmire
Capehart	Javits	Purtell
Carlson	Jenner	Revercomb
Carroll	Johnson, Tex.	Robertson
Case, S. Dak.	Johnston, S. C.	Russell
Chavez	Jordan	Saltonstall
Church	Kefauver	Schoeppel
Clark	Kennedy	Smathers
Cooper	Kerr	Smith, Maine
Cotton	Knowland	Smith, N. J.
Curtis	Kuchel	Sparkman
Dirksen	Langer	Stennis
Douglas	Lausche	Symington
Dworshak	Magnuson	Talmadge
Eastland	Malone	Thurmond
Ellender	Mansfield	Thye
Ervin	Martin, Iowa	Watkins
Frear	Martin, Pa.	Wiley
Fulbright	McClellan	Yarborough
Goldwater	McNamara	Young
Gore	Monroney	
Green	Morse	

The PRESIDING OFFICER. A quorum is present. The question is on agreeing to the conference report. The yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk called the roll.

Mr. MANSFIELD. I announce that the Senator from Virginia [Mr. BYRD] and the Senator from Missouri [Mr. HENNINGS] are absent on official business.

The Senator from Louisiana [Mr. LONG] is absent because of illness.

I further announce that if present and voting, the Senator from Missouri [Mr. HENNINGS] and the Senator from Louisiana [Mr. LONG] would each vote "yea."

Mr. DIRKSEN. I announce that the Senator from Colorado [Mr. ALLOTT] is absent on official business.

The Senator from Maryland [Mr. BUTLER], the Senator from New Jersey [Mr. CASE], and the Senator from Vermont [Mr. FLANDERS] are necessarily absent.

The Senator from Delaware [Mr. WILLIAMS] is detained on official business.

If present and voting, the Senator from Colorado [Mr. ALLOTT], the Senator from Maryland [Mr. BUTLER], the

Senator from New Jersey [Mr. CASE], and the Senator from Vermont [Mr. FLANDERS] would each vote "yea."

The result was announced—yeas 88, nays 0, as follows:

YEAS—88

Alken	Hayden	Morton
Anderson	Hickenlooper	Mundt
Barrett	Hill	Murray
Beall	Hoblitzell	Neuberger
Bennett	Holland	O'Mahoney
Bible	Hruska	Pastore
Bricker	Humphrey	Payne
Bridges	Ives	Potter
Bush	Jackson	Proxmire
Capehart	Javits	Purtell
Carlson	Jenner	Revercomb
Carroll	Johnson, Tex.	Robertson
Case, S. Dak.	Johnston, S. C.	Russell
Chavez	Jordan	Saltonstall
Church	Kefauver	Schoeppel
Clark	Kennedy	Smathers
Cooper	Kerr	Smith, Maine
Cotton	Knowland	Smith, N. J.
Curtis	Kuchel	Sparkman
Dirksen	Langer	Stennis
Douglas	Lausche	Symington
Dworshak	Magnuson	Talmadge
Eastland	Malone	Thurmond
Ellender	Mansfield	Thye
Ervin	Martin, Iowa	Watkins
Frear	Martin, Pa.	Wiley
Fulbright	McClellan	Yarborough
Goldwater	McNamara	Young
Gore	Monroney	
Green	Morse	

NOT VOTING—8

Allott	Case, N. J.	Long
Butler	Flanders	Williams
Byrd	Hennings	

So the report was agreed to.

REPORTS ON ACREAGE PLANTED TO COTTON

The Senate resumed the consideration of the bill (H. R. 6765) to provide for reports on the acreage planted to cotton, to repeal the prohibition against cotton acreage reports based on farmers' planting intentions, and for other purposes.

Mr. ELLENDER. Mr. President, the Senate now has under consideration House bill 6765.

I wish to say that during the call of the calendar today, that bill was passed over. I have consulted with the majority leader and the minority leader, and I find that there is no objection to the consideration of the bill at this time. Let me say that the bill was reported unanimously by the Committee on Agriculture and Forestry.

The bill will make three changes in the law relating to cotton-acreage reports.

First, it would base the July cotton-acreage report on planted acreage, instead of acreage in cultivation. Planted acreage is used in reporting on other crops, is required in the administration of various laws, and is a more definite figure, more easily reported and better understood.

Second, it would advance the second cotton-acreage report from September 1 to August 1, which is the beginning of the marketing year.

Third, it would permit the Department of Agriculture to report on farmers' intentions to plant cotton, by removing the prohibition enacted in 1924. The Department presently makes such reports on other crops reported on.

The bill was requested by the Department of Agriculture, and would result in improved cotton-acreage reporting.

Mr. CASE of South Dakota. Mr. President, I am advised by the distinguished minority leader, the Senator from California [Mr. KNOWLAND], that there is no objection to the consideration and passage of House bill 6765 at this time.

Mr. ELLENDER. I thank the Senator from South Dakota.

The PRESIDING OFFICER (Mr. PROXMIER in the chair). The bill is open to amendment.

If there be no amendment to be proposed, the question is on the third reading of the bill.

The bill (H. R. 6765) was ordered to a third reading, read the third time, and passed.

FARM PRICES AND FARM PRODUCTION PROBLEMS

Mr. JOHNSTON of South Carolina. Mr. President, the declining position of the American cotton industry is a matter that has been of deep concern to me since President Eisenhower vetoed S. J. Res. 162, which would have continued existing cotton-acreage allotments and existing price levels on certain basic commodities.

The New York Times Sunday edition of May 11 carried a very enlightening article on this subject, which should be of great interest to everyone concerned with the plight of our Nation's farmers. Written by J. H. Carmichael, and featured in the business section of the Times, the article said: "Big cut in acreage likely in 1959 unless Congress acts this session." In his lead paragraph, Mr. Carmichael stated:

Unless Congress acts to amend the farm law before the end of this session, the prospects are that cotton growers will face another drastic cut in acreage allotments in 1959.

The article then goes on for several columns to detail the problems confronting the cotton farmer and the textile industry, and it also states that the "act establishing a minimum national cotton allotment for 1957 and 1958 of about 17,500,000 acres will expire this year." Mr. Carmichael then reports:

An effort already has been made in Congress to freeze price supports and acreage allotments for the 1959 crop, but this was vetoed by President Eisenhower.

I quote from this article because of its comprehensive and complete picture of the situation we are facing.

Mr. President, since conditions on cotton farms and in the cotton industry are getting worse, I believe it is in the national interest, at this time, to review the effort on the part of Congress to provide needed legislative relief for this vital industry, and to examine the administration's negative attitude thereon.

For the record, let it be restated that the Congress passed a joint resolution, Senate Joint Resolution 162, authorizing an immediate stay of reductions in price supports of certain commodities, and acreage allotments of rice and cotton crops; but that measure was vetoed by President Eisenhower on March 11. The President "Bensonized" the measure.

It is noteworthy that the President, in his veto message, stated that progress in solving farm problems has been made, in addition to other means, "through stepped-up research to find new uses for farm products."

I should like to comment on this section of the Presidential veto. Back in 1954, a Presidential bipartisan commission was created to develop, through research, increased industrial uses of agricultural products. The commission, duly created, appointed, and staffed, seriously undertook its mission, and, as of June 1957, filed its final report.

Let it be noted that the Commission's work was well done; its inquiry was exhaustive. It covered the field thoroughly. It developed pertinent and promising research leads, particularly those relating to possible new crops. The Commission's findings were such as to warrant the most enthusiastic and wholehearted support in the way of legislative implementation.

Perhaps the best comment I can make here is that there was, and has been, absolutely no "follow through" from the White House on the Commission's report, which was made back in June 1957. Several weeks ago, I submitted a bill of my own, together with a statement, to stimulate a program as outlined by the Commission. I did this in the absence of any follow-up action by the administration.

I believe this brief recounting of the development since the Commission filed its report last June is adequate commentary on what the crop raiser and agriculture generally can expect in the way of research from the White House. Apparently all the follow-through has been left at the Burning Tree Golf Course.

As pointed out in the Senate Agriculture Committee report supporting passage of the joint resolution which the President vetoed, the measure would have prevented another half billion dollars slash in farm income, which will occur in 1958. If the reduced price-support rates announced by the Secretary of Agriculture become effective.

In its report the committee frankly stated that Senate Joint Resolution 166 was a hold-the-line measure, and contended its enactment was necessary because the urgency of the economic situation makes it imperative that the drop in farm income be halted—not only for the benefit of the hard-pressed farmers, but also for the welfare of the economy as a whole. Long-range legislation is under consideration; but because of the diversity of views among the committee membership, farm leaders, and the administration, progress has been slow.

In the meantime, however, farm income needs to be protected; and that is what Senate Joint Resolution 162 purported to do. Recent history reveals that recessions and depressions usually start with declining farm incomes. Poor times on the farm spill over into the towns and the cities, and result in a large casualty list among small business. The committee aptly pointed out that 40 percent of the Nation's total labor force is engaged in producing, processing, and distributing farm products.

One of the telling points raised by the committee report is the following:

If the proposed new slash in farm income, of a half billion dollars, is permitted to take place, on the basis of past experience most of this loss in farm income will be retained by middlemen. Consumers will benefit little if at all.

Mr. President, a prosperous and healthy agricultural industry is essential to a great power. It is a warning sign when large numbers of people have to forsake the farms, as Americans have been doing in recent years. Agriculture is one of the prime supports of a strong national economy.

I am convinced that in his veto of this joint resolution, the President leaned on weak reeds of false reasoning. The evidence was to the contrary, and was in support of the Congress' position that it was unwise and unsound to permit damaging cuts in price supports and acreage allotments to go into effect at this time.

Therefore, I am convinced that the provisions of Senate Joint Resolution 162 to temporarily halt any reduction in support prices and acreage allotments were eminently sound; that such "hold-the-line action" is sorely needed; and that cotton and other crops need to be safeguarded in this period of recession. I intend to do all in my power to bring about its enactment. The Presidential veto, in my opinion, was ill-advised, unwarranted, works a hardship on agriculture, is detrimental to the whole national economy, and robs the Agricultural Committees of the Congress of the breathing space and the necessary time to perfect permanent legislation.

This veto should be overridden, and the sooner the better. In this effort, I earnestly solicit the support and invite the collaboration of all true friends of agriculture on both sides of the aisle in this body.

So, Mr. President, I urge all Members of the Senate to vote to override the President's veto of Senate Joint Resolution 162.

RICE ACREAGE ALLOTMENTS

Mr. ELLENDER. Mr. President, I move that the Senate proceed to the consideration of calendar No. 1615, House bill 8490, to amend the Agricultural Adjustment Act of 1938, as amended, with respect to rice acreage allotments.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Louisiana.

The motion was agreed to; and the Senate proceeded to consider the bill (H. R. 8490) to amend the Agricultural Adjustment Act of 1938, as amended, with respect to rice acreage allotments, which had been reported from the Committee on Agriculture and Forestry with amendments, on page 1, line 11, after the word "follows", to strike out "The planting of rice in 1957 or any subsequent year on a farm for which no rice acreage allotment was established shall not make the farm eligible for an allotment as an old farm or the producers on the farm eligible for allotments as old producers under this section: *Provided, however,*

That by reason of such planting the farm or the producers, as the case may be, shall not be considered as ineligible for a new farm allotment or new producer allotment, as the case may be, under the preceding sentence of this subsection." and insert, "In determining the eligibility of any producer or farm for an allotment as an old producer or farm under the first sentence of this subsection or as a new producer or farm under the second sentence of this subsection, such producer or farm shall not be considered to have produced rice on any acreage which under subsection (c) (2) is either not to be taken into account in establishing acreage allotments or is not to be credited to such producer." The amendment made by this section shall be applicable to the planting of rice in 1958 and subsequent years."

On page 2, after line 19, to insert:

SEC. 2. (a) Section 353 (b) of the Agricultural Adjustment Act of 1938, as amended, is further amended—

(1) by inserting in the first proviso contained therein, before the words "the State acreage allotment", the following: "part or all of";

(2) by inserting at the end of such first proviso a colon and the following: "*Provided further*, That if the Secretary determines that part of the State acreage allotment shall be apportioned on the basis of past production of rice by the producer on the farm and part on the basis of the past production of rice on the farm, he shall divide the State into two administrative areas, to be designated 'producer administrative area' and 'farm administrative area', respectively, which areas shall be separated by a natural barrier which would prevent each area from being readily accessible to rice producers in one area for producing rice in the other area, and each such area shall be composed of whole counties"; and

(3) by adding at the end of such subsection (b) (as it would be amended by the first section of this act) the following: "For purposes of this section in States which have been divided into administrative areas pursuant to this subsection the term State acreage allotment shall be deemed to mean that part of the State acreage allotment apportioned to each administrative area and the word 'State' shall be deemed to mean 'administrative area', wherever applicable."

(b) Section 353 (c) (1) of the Agricultural Adjustment Act of 1938, as amended, is amended by inserting immediately following the colon, the following: "*Provided*, That if the State is divided into administrative areas pursuant to subsection (b) of this section the allotment for each administrative area shall be determined by apportioning the State acreage allotment among counties as provided in this subsection and totaling the allotments for the counties in such area:".

(c) This section shall become effective for the 1958 and subsequent crops of rice: *Provided*, That if any State is divided into administrative areas for 1958 pursuant to section 353 (b) of the act, as amended, acreage allotments heretofore established for farms in such areas shall be redetermined to the extent required as a result of such division: *Provided further*, That the allotment heretofore established for any farm shall not be reduced as a result of such redetermination. The additional acreage, if any, required to provide such minimum allotments shall be in addition to the 1958 National and State acreage allotments.

On page 4, at the beginning of line 17, to change the section number from "2"

to "3", and on page 5, at the beginning of line 15, to change the section number from "3" to "4".

Mr. CASE of South Dakota. Mr. President, I am advised by the distinguished minority leader, the Senator from California [Mr. KNOWLAND], that there is no objection to the consideration and passage of the bill at this time.

Mr. ELLENDER. Mr. President, I ask unanimous consent that a short explanation of the bill be printed at this point in the RECORD.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

SHORT EXPLANATION OF H. R. 8490

This bill makes several technical corrections and amendments in the rice acreage allotment law designed to improve the administration of the program.

At present, there are three types of producers who are regarded as old producers for allotment purposes, even though they have no production history in the State in which the allotment is to be made.

First, there is the producer who has produced rice in another State. Congress made it very clear in 1955 that production history in any State would count only toward an allotment in that State and not toward an allotment in any other State. However, at present a producer with history in any State is regarded as an old producer in all States.

Second, there is the producer who has produced rice without an acreage allotment. Again, the law now specifies that the acreage so planted shall not be counted in computing future allotments. However, even though such acreage does not count toward an allotment, it is counted in determining the producer's status as an old producer.

Third, there is the producer who has no production history himself, but who has produced rice jointly with another who, under the law, was entitled to the history resulting from such production. Thus, in a producer allotment State a landlord might share in the crop produced by a tenant on an allotment based on the tenant's previous rice production. The law now provides that in such a situation the tenant receives all of the production history. However, the landlord is now regarded as an old producer, even though he has no history.

In all three of these cases the bill provides that the producer having no production history would not be regarded as an old producer. This represents a technical correction rather than any substantial change, since past acreage is the prime factor upon which old producer allotments are made. The principal effect of the change is that it may result in slightly lessened eligibility for an allotment for these producers under the Secretary's regulations.

At present, rice acreage allotments are made in some States on the basis of the producer's previous rice acreage history, while in other States allotments are made on the basis of the farm's previous production history. The Secretary has authority to use whichever method is best adapted to the particular customs and situation in the State. He does not, however, have authority to use both of these bases within a single State, even though one basis may be clearly the best for the particular situation in one part of the State, while the other may be superior in the other part of the State. The bill would correct this by permitting the Secretary to divide a State into two areas and make allotments on a producer basis in one area and on a farm basis in the other area.

At present, provision is made in the case of cotton, peanuts, tobacco, and wheat for producers whose farms are acquired by agencies having the right of eminent domain

ish Columbia, Washington, and Oregon, where the people control the resource. The fish-trap ownership is concentrated chiefly in a few absentee companies. The 23 successive legislatures memorials, directed at Congress, have requested the abolition of the traps. Bills introduced in each Congress by Alaska's voteless Delegate, have made the same request. Finally, in a desperate effort to be heard, the people of Alaska, on a referendum in 1948, voted 13,712 to 2,624—a ratio of over 7 to 1—for trap abolition. All of this was in vain, however, and there has been no congressional action.

The Federal agency supposed to regulate the salmon fishery—for the last 18 years the Fish and Wildlife Service of the Department of the Interior—despite its manifest failure to check the steady decline in the resource and carry out its prescribed conservation function, does not object to retention of the traps. Thus, in a conflict between the few stateside fish-trap beneficiaries, and virtually the entire population of Alaska, the Federal agency throws its full weight and authority on the side of the special privilege in the colonial power, and overrides the far greater interest of Alaskans. That is colonialism. But let no one doubt that the entire American people are not also the victims in the loss of tax revenue, in the cost of disaster relief, and in the destruction of a once great national resource.

These are by no means all of the examples of colonialism which have hampered the development of Alaska, and which should have long since have been ended. It would take hours to relate them all.

Is it not regrettable that at a time when colonialism is agitating the world as never before in its history, and is so clearly on its way out—except within the orbit of Russian imperialism—the United States has missed this great opportunity to be true to its traditions and give mankind a clear example, by action, of what our Nation has so long stood for?

Is it not a paradox that while we have failed to take this obvious course, Great Britain appears to have appreciated the world tide, and has been rapidly granting her form of self-government to her former colonies? Consider the list of new governments which have been granted independence either within or without the British Commonwealth: India, in 1947, Pakistan and Burma in 1948, Ceylon in 1955, and Sudan in 1956, Ghana and Malaya in 1957, and the West Indies Federation in 1958.

It is high time that we Americans put an emphatic and decisive stop to colonialism—which we now practice in unfair and oppressive form against the pioneering Americans of Alaska—and provide by action here for admission of Alaska as our 49th State.

Mr. SMITH of Virginia. Mr. Chairman, will the gentleman yield?

Mr. EDMONDSON. I am glad to yield to my distinguished friend from Virginia.

Mr. SMITH of Virginia. The gentleman has founded his remarks on the idea of colonialism. Of course, we have

Puerto Rico and something over 2 million people as opposed to some 80,000 in Alaska. I would like to know if the gentleman proposes to give statehood to Puerto Rico, to the Virgin Islands, to Hawaii, to Guam, and to any other outlying Territories on the ground that otherwise we are guilty of what the gentleman thinks is such a terrible thing as colonialism.

Mr. EDMONDSON. I will say to my good friend that I do not think we can establish in the case of these other areas a case for colonialism that is clearly established in our treatment of Alaska. I do not believe, until you have that kind of case established, that you can make a case for justice and equity in these other places as you can in Alaska.

Mr. O'BRIEN of New York. Mr. Chairman, will the gentleman yield?

Mr. EDMONDSON. I yield to the distinguished gentleman from New York.

Mr. O'BRIEN of New York. Would the gentleman not agree that at least 70 percent of the people in Puerto Rico do not want statehood; that if we are discussing colonialism in relative terms, they have more self-government than the incorporated Territory of Alaska because they elect their own governor and they keep their own taxes? Alaska, which is an incorporated Territory, the highest status next to statehood, has less self-government than Puerto Rico.

Mr. HOSMER. Mr. Chairman, will the gentleman yield?

Mr. EDMONDSON. I yield to the gentleman from California.

Mr. HOSMER. Mr. Chairman, I think the gentleman has made a very nice speech, particularly to readjust these freight rates. But I think he has been in something of a semantic shuffle on the matter of colonialism. I would not like to see this record go with that unchallenged. Colonialism as it is known as a word throughout the world today is something entirely different from the situation that we have in Alaska. It is the domination by one nation of a people of a different land, of supposedly a lesser economic and social development. The gentleman relates this to the people of the United States who rebelled in 1776 and if he does, he relates it to something that was entirely different, because it was 151 years before 1776 that the people came to this continent and started the creation of a new and separate culture, government, and environment.

Mr. EDMONDSON. Mr. Chairman, I disagree with my friend, and I do not yield further, for a speech.

Mr. PILLION. Mr. Chairman, will the gentleman yield?

Mr. EDMONDSON. I yield to the gentleman from New York.

Mr. PILLION. Can the gentleman tell us how much tonnage would be shipped to Alaska that is not being shipped now because of the Jones Act discrimination?

Mr. EDMONDSON. I have no information on that point. I can only presume, in answer to that question, that if freight rates were lower there would be an increase in freight shipments to that area.

Mr. PILLION. Freight rates, of course, do not enter into this. As far as the bill eliminating the Jones Act discrimination is concerned, to which the gentleman referred, is there any idea how much would be shipped up to Alaska?

Mr. EDMONDSON. I am sorry I cannot supply that information to the gentleman, but I think it is a fair assumption that a lowering of freight rates would bring about greater business interests in that area, greater population, and greater traffic in freight.

Mr. ASPINALL. Mr. Chairman, I move that the Committee do now rise.

The motion was agreed to.

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. MILLS, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the bill (H. R. 7999) to provide for the admission of the State of Alaska into the Union, had come to no resolution thereon.

MESSAGE FROM THE SENATE

A message from the Senate by Mr. McGown, one of its clerks, announced that the Senate had passed without amendment bills, a joint resolution, and concurrent resolutions of the House of the following titles:

H. R. 1342. An act for the relief of Mrs. Helen Harvey;

H. R. 1466. An act for the relief of Dr. Thomas B. Meade;

H. R. 2763. An act for the relief of Hong-to Dew;

H. R. 4215. An act amending sections 22 and 24 of the Organic Act of Guam;

H. R. 4445. An act for the relief of the estate of Mr. Shirley B. Stebbins;

H. R. 6176. An act for the relief of Fouad George Baroudy;

H. R. 6528. An act for the relief of Mrs. Lyman C. Murphey;

H. R. 6731. An act for the relief of Harry Slatkin;

H. R. 7203. An act for the relief of Dwight J. Brohard;

H. R. 7645. An act to provide for the release of restrictions and reservations contained in instrument conveying certain land by the United States to the State of Wisconsin;

H. R. 8039. An act for the relief of Edward L. Munroe;

H. R. 8071. An act to authorize the Secretary of the Army to convey an easement over certain property of the United States located in Princess Anne County, Va., known as the Fort Story Military Reservation, to the Norfolk Southern Railway Co. in exchange for other lands and easements of said company;

H. R. 8433. An act for the relief of Capt. Laurence D. Talbot (retired);

H. R. 8448. An act for the relief of Willie C. Williams;

H. R. 9012. An act for the relief of Alexander Grossman;

H. R. 9109. An act for the relief of John A. Tierney;

H. R. 9362. An act to provide for the conveyance of certain real property of the United States to Post 924, Veterans of Foreign Wars of the United States;

H. R. 9395. An act for the relief of Cornelia V. Lane;

H. R. 9490. An act for the relief of Sidney A. Coven;

H. R. 9514. An act for the relief of Valleydale Packers, Inc.;

H. R. 9738. An act to authorize the Secretary of the Navy to convey to the city of Macon, Ga., a parcel of land in the said city of Macon containing 5.39 acres, more or less;

H. R. 9775. An act for the relief of William J. McGarry;

H. R. 9991. An act for the relief of Felix Garcia;

H. R. 9992. An act for the relief of James R. Martin and others;

H. J. Res. 586. Joint resolution to authorize the designation of the week beginning on October 13, 1958, as National Olympic Week;

H. Con. Res. 17. Concurrent resolution authorizing the printing of additional copies of House Document No. 232, 84th Congress; and

H. Con. Res. 228. Concurrent resolution authorizing the printing as a House document of the pamphlet entitled "Our American Government. What is it? How Does It Function?"

The message also announced that the Senate agrees to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 5836) entitled "An act to readjust postal rates and to establish a congressional policy for the determination of postal rates, and for other purposes."

POSTAL RATE READJUSTMENT

Mr. MURRAY submitted the following conference report and statement on the bill (H. R. 5836) to readjust postal rates and to establish a congressional policy for the determination of postal rates, and for other purposes:

CONFERENCE REPORT (H. REPT. NO. 1760)

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 5836) entitled "An act to readjust postal rates and to establish a congressional policy for the determination of postal rates, and for other purposes," having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the House recede from its disagreement to the amendment of the Senate to the text of the bill and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert the following:

"TITLE I—POSTAL POLICY

"Short title

"SEC. 101. This title may be cited as the 'Postal Policy Act of 1958.'

"Findings

"SEC. 102. The Congress hereby finds that—

"(1) the postal establishment was created to unite more closely the American people, to promote the general welfare, and to advance the national economy;

"(2) the postal establishment has been extended and enlarged through the years into a nationwide network of services and facilities for the communication of intelligence, the dissemination of information, the advancement of education and culture, and the distribution of articles of commerce and industry. Furthermore, the Congress has encouraged the use of these broadening services and facilities through reasonable and, in many cases, special postal rates;

"(3) the development and expansion of these several elements of postal service, under the authorization by the Congress, have been the impelling force in the origin and growth of many and varied business,

commercial, and industrial enterprises which contribute materially to the national economy and the public welfare and which depend upon the continuance of these elements of postal service;

"(4) historically and as a matter of public policy there have evolved, in the operations of the postal establishment authorized by the Congress, certain recognized and accepted relationships among the several classes of mail. It is clear, from the continued expansion of the postal service and from the continued encouragement by the Congress of the most widespread use thereof, that the postal establishment performs many functions and offers its facilities to many users on a basis which can only be justified as being in the interest of the national welfare;

"(5) while the postal establishment, as all other Government agencies, should be operated in an efficient manner, it clearly is not a business enterprise conducted for profit or for raising general funds, and it would be an unfair burden upon any particular user or class of users of the mails to compel them to bear the expenses incurred by reason of special rate considerations granted or facilities provided to other users of the mails, or to underwrite those expenses incurred by the postal establishment for services of a non-postal nature; and

"(6) the public interest and the increasing complexity of the social and economic fabric of the Nation require an immediate, clear, and affirmative declaration of congressional policy with respect to the activities of the postal establishment including those of a public service nature as the basis for the creation and maintenance of a sound and equitable postal-rate structure which will assure efficient service, produce adequate postal revenues, and stand the test of time.

"Declaration of policy

"SEC. 103. (a) The Congress hereby emphasizes, reaffirms, and restates its function under the Constitution of the United States of forming postal policy.

"(b) It is hereby declared to be the policy of the Congress, as set forth in this title—

"(1) that the post office is a public service;

"(2) to provide a more stable basis for the postal-rate structure through the establishment of general principles, standards, and related requirements with respect to the determination and allocation of postal revenues and expenses; and

"(3) in accordance with these general principles, standards, and related requirements, to provide a means by which the postal-rate structure may be fixed and adjusted by action of the Congress, from time to time, as the public interest may require, in the light of periodic reviews of the postal-rate structure, periodic studies and surveys of expenses and revenues, and periodic reports, required to be made by the Postmaster General as provided by section 105 of this title.

"(c) The general principles, standards, and related requirements referred to in subsection (b) of this section are as follows:

"(1) In the determination and adjustment of the postal-rate structure, due consideration should be given to—

"(A) the preservation of the inherent advantages of the postal service in the promotion of social, cultural, intellectual, and commercial intercourse among the people of the United States;

"(B) the development and maintenance of a postal service adapted to the present needs, and adaptable to the future needs, of the people of the United States;

"(C) the promotion of adequate, economical, and efficient postal service at reasonable and equitable rates and fees;

"(D) the effect of postal services and the impact of postal rates and fees on users of the mails;

"(E) the requirements of the postal establishment with respect to the manner and form of preparation and presentation of mailings by the users of the various classes of mail service;

"(F) the value of mail;

"(G) the value of time of delivery of mail; and

"(H) the quality and character of the service rendered in terms of priority, secrecy, security, speed of transmission, use of facilities and manpower, and other pertinent service factors.

"(2) The acceptance, transportation, and delivery of first-class mail constitutes a preferred service of the postal establishment and, therefore, the postage for first-class mail should be sufficient to cover (A) the entire amount of the expenses allocated to first-class mail in accordance with this title and (B) an additional amount representing the fair value of all extraordinary and preferential services, facilities, and factors relating thereto.

"(3) Those services, elements of service, and facilities rendered and provided by the postal establishment in accordance with law, including services having public service aspects, which, in whole or in part, are held and considered by the Congress from time to time to be public services for the purposes of this title shall be administered on the following basis:

"(A) the sum of such public service items as determined by the Congress should be assumed directly by the Federal Government and paid directly out of the general fund of the Treasury and should not constitute direct charges in the form of rates and fees upon any user or class of users of such public services, or of the mails generally; and

"(B) nothing contained in any provision of this title should be construed as indicating any intention on the part of the Congress (i) that such public services, or any of them, should be limited or restricted or (ii) to derogate in any way from the need and desirability thereof in the public interest.

"(4) Postal rates and fees shall be adjusted from time to time as may be required to produce the amount of revenue approximately equal to the total cost of operating the postal establishment less the amount deemed to be attributable to the performance of public services under section 104 (b) of this title.

"Identification of and appropriations for public services

"SEC. 104. (a) The following shall be considered to be public services for the purposes of this title—

"(1) the total loss resulting from the transmission of matter in the mails free of postage or at reduced rates of postage as provided by statute, including the following:

"(A) paragraph (3) of subsection (a) of section 202 of the Act of February 28, 1925 (39 U. S. C. 283 (3)) relating to reduced rates of postage on newspapers or periodicals of certain nonprofit organizations;

"(B) sections 5 and 6 of the Act of March 3, 1877 (39 U. S. C. 321), relating to official mail matter of the Pan American Union sent free through the mails;

"(C) section 25 of the Act of March 3, 1879, as amended (39 U. S. C. 286), and subsection (b) of section 2 of the Act of October 30, 1951 (39 U. S. C. 289a (b)), relating to free-in-county mailing privileges;

"(D) the Act of April 27, 1904 (33 Stat. 313), the last paragraph under the heading 'Office of the Third Assistant Postmaster General' contained in the first section of the Act of August 24, 1912 (37 Stat. 551), and the Joint Resolution of June 7, 1924 (43 Stat. 668; Pub. Res., No. 33, Sixty-eighth Congress), as contained in the Act of October 14, 1941 (55 Stat. 737; Public Law 270, Seventy-seventh Congress), and as further amended by the Act of September 7, 1949

(63 Stat. 690), relating to free postage and reduced postage rates on reading matter and other articles for the blind (39 U. S. C. 331);

"(E) the Act of February 14, 1929 (39 U. S. C. 336), granting free mailing privileges to the diplomatic corps of the countries of the Pan American Postal Union;

"(F) the Act of April 15, 1937 (39 U. S. C. 293c), granting reduced rates to publications for use of the blind;

"(G) the Act of June 29, 1940 (39 U. S. C. 321-1), granting free mailing privileges to the Pan American Sanitary Bureau;

"(H) the Act of May 7, 1945 (59 Stat. 707), and other provisions of law granting free mailing privileges to individuals;

"(I) the second and third provisos of subsection (a) of section 2 of the Act of October 30, 1951 (65 Stat. 672; 39 U. S. C. 289a (a)), granting reduced second-class postage rates to publications of certain organizations;

"(J) the last proviso of section 3 of the Act of October 30, 1951 (65 Stat. 673; 39 U. S. C. 290a-1), granting reduced third-class postage rates to certain organizations;

"(K) section 302 of The Federal Voting Assistance Act of 1955 (5 U. S. C. 2192), granting free postage, including free airmail postage, to post cards, ballots, voting instructions, and envelopes transmitted in the mails under authority of such Act; and

"(L) section 204 (d) and (e) of the Postal Rate Revision and Federal Employees Salary Act of 1948, as amended (39 U. S. C. 292a (d) and (e)), including the amendment made by section 206 of this Act.

"(2) the loss resulting from the operation of such prime and necessary public services as the star route system and third- and fourth-class post offices;

"(3) the loss incurred in performing non-postal services, such as the sale of documentary stamps for the Department of the Treasury;

"(4) the loss incurred in performing special services such as cash on delivery, insured mail, special delivery, and money orders; and

"(5) the additional cost of transporting United States mail by foreign air carriers at a Universal Postal Union rate in excess of the rate prescribed for United States carriers.

"(b) There is hereby authorized to be appropriated to the revenues of the Post Office Department for each fiscal year from any money in the Treasury not otherwise appropriated an amount, which shall be deemed to be attributable to the public services enumerated under subsection (a) of this section, equal to the total estimated expenditures of the Post Office Department for the year for such public services as determined by the Congress in the appropriation act based upon budget estimates submitted to the Congress. Such appropriations shall be available to enable the Postmaster General to pay in to postal revenues at quarterly or other intervals such sums as may be necessary to reimburse the Post Office Department for such amount attributable to public services.

Reviews, studies, surveys, and reports of Postmaster General

"SEC. 105. (a) The Postmaster General is authorized and directed to initiate and conduct, through the facilities of the postal establishment, either on a continuing basis or from time to time, as he deems advisable, but not less often than every two years, a review of the postal-rate structure and a study and survey of the expenses incurred and the revenues received in connection with the several classes of mail, and the various classes and kinds of services and facilities provided by the postal establishment, in order to determine,

on the basis of such review, study, and survey for each class and kind of service or facility provided by the postal establishment, the need for adjustment of postal rates and fees in accordance with the policy set forth in this title.

"(b) The Postmaster General shall submit to the Senate and the House of Representatives not later than April 15 of each alternate fiscal year, beginning with the fiscal year ending June 30, 1960, a report of the results of the review, study, and survey conducted pursuant to subsection (a) of this section. Such report shall include—

"(1) information with respect to expenses and revenues which is pertinent to the allocation of expenses and the determination and adjustment of postal rates and fees in accordance with the policy set forth in this title; and

"(2) such other information as is necessary to enable the Congress, or as may be required by the Congress or an appropriate committee thereof, to carry out the purposes of this title.

EFFECT ON FOURTH-CLASS MAIL RATES

"SEC. 106. The provisions of this title shall not require any downward adjustment in rates of postage on fourth-class mail existing on the date of enactment of this Act.

TITLE II—POSTAL RATE INCREASES

Short title

"SEC. 201. This title may be cited as the 'Postal Rate Increase Act, 1958.'

First-class mail

"SEC. 202. (a) That part of the first section of the Joint Resolution of June 30, 1947 (61 Stat. 213; 39 U. S. C. 280), which precedes the proviso, is amended by striking out '3 cents' and inserting in lieu thereof '4 cents.'

"(b) Section 1 of the Act of October 30, 1951 (65 Stat. 672; 39 U. S. C. 280), as amended, is further amended—

"(1) by striking out '2 cents' wherever appearing in subsection (a) and inserting in lieu thereof '3 cents'; and

"(2) by striking out '2 cents' in subsection (b) and inserting in lieu thereof '3 cents.'

Domestic airmail

"SEC. 203. Section 201 of the Postal Rate Revision and Federal Employees Salary Act of 1948 (62 Stat. 1261; 39 U. S. C. 463a) is amended—

"(1) by striking out '6 cents' in the first sentence and inserting in lieu thereof '7 cents'; and

"(2) by striking out '4 cents' in the second sentence and inserting in lieu thereof '5 cents.'

Second-class mail

"SEC. 204. (a) Section 2 (a) of the Act of October 30, 1951 (65 Stat. 672; 39 U. S. C. 289a), is amended by striking out the word 'and' preceding clause (3) and by inserting immediately before the colon which precedes the first proviso a comma and the following: 'and (4) such postage is further adjusted to the amounts set forth in the following table, on the dates specified:

	January 1, 1959 (cents per pound or fraction thereof)	January 1, 1960 (cents per pound or fraction thereof)	January 1, 1961 (cents per pound or fraction thereof)
Nonadvertising portion.....	2.1	2.3	2.5
Advertising portion:			
First and second zones.....	2.2	2.6	3.0
Third zone.....	3.0	3.5	4.0
Fourth zone.....	4.5	5.2	6.0
Fifth zone.....	6.0	7.0	8.0
Sixth zone.....	7.7	8.7	10.0
Seventh zone.....	9.2	11.0	12.0
Eighth zone.....	11.0	12.5	14.0'

"(b) Section 2 (c) of such Act of October 30, 1951, is amended by striking out 'one-eighth of 1 cent' and inserting in lieu thereof 'one-fourth of 1 cent effective January 1, 1959, three-eighths of 1 cent effective January 1, 1960, and one-half of 1 cent effective January 1, 1961, except that (1) in no case shall the postage on each individually addressed copy mailed by the organizations listed, and for the purposes prescribed, in the second and third provisos of subsection (a) of this section be less than one-eighth of 1 cent and (2) the per copy rates prescribed for publications covered by section 25 of the Act of March 3, 1879, as amended (39 U. S. C. 286), shall be continued.'

"(c) Section 2 (d) of such Act of October 30, 1951, is amended by striking out the words 'two ounces' where they appear the second time and inserting in lieu thereof the word 'ounce.'

"(d) The third clause of section 14 of the Act of March 3, 1879, as amended (39 U. S. C. 226), is amended to read as follows:

"Third. It must be formed of printed sheets: *Provided*, That publications produced by the stencil, mimeograph, or hectograph process or in imitation of typewriting shall not be regarded as printed within the meaning of this clause.'

"(e) Section 202 (a) of the Act of February 28, 1925, as amended (39 U. S. C. 283), is amended by adding at the end thereof the following new paragraph:

"(4) For the purpose of this section, the portion of a publication devoted to advertisements shall include all advertisements inserted in such publication and attached permanently thereto.'

Controlled circulation publications

"(f) Section 203 of the Postal Rate Revision and Federal Employees Salary Act of 1948 (62 Stat. 1262; 39 U. S. C. 291b), is amended—

"(1) by striking out '10 cents a pound or fraction thereof' and inserting in lieu thereof '12 cents a pound or fraction thereof regardless of the weight of the individual copies'; and

"(2) by adding at the end thereof a new sentence reading 'The rates provided in this section shall remain in effect until otherwise provided by the Congress.'

Third-class mail

"SEC. 205. Section 3 of the Act of October 30, 1951 (65 Stat. 673; 39 U. S. C. 290a-1), is amended—

"(1) by striking out so much of such section as precedes the first proviso and inserting in lieu thereof the following: 'The rate of postage on third-class matter shall be 3 cents for the first two ounces or fraction thereof, and 1½ cents for each additional ounce or fraction thereof up to but not including sixteen ounces in weight:';

"(2) in the first proviso contained in such section, by striking out '\$10' and inserting in lieu thereof '\$20';

"(3) in the second proviso contained in such section—

"(A) by striking out '14 cents' and inserting in lieu thereof '16 cents'; and

"(B) by striking out '1 cent' wherever appearing therein and inserting in lieu thereof '2 cents when mailed prior to July 1, 1960, and 2½ cents when mailed on or after such date';

"(4) by striking out the third proviso contained in such section;

"(5) in the fourth proviso contained in such section, by striking out '3 cents' and inserting in lieu thereof '6 cents'; and

"(6) by striking out the last proviso and inserting in lieu thereof the following: 'And provided further, That on and after January 1, 1959, the rates of postage on third-class matter mailed by religious, educational, scientific, philanthropic, agricul-

tural, labor, veterans', or fraternal organizations or associations, not organized for profit and none of the net income of which inures to the benefit of any private stockholder or individual, shall be the rates prescribed by this section, except that the minimum charge per piece for third-class matter mailed in bulk by such organizations or associations shall be 50 per centum of the minimum charge prescribed by this section for such mailings.'

"Fourth-class mail"

"SEC. 206. (a) Section 204 (a) of the Postal Rate Revision and Federal Employees Salary Act of 1948 (39 U. S. C. 292a (a)), as amended, is amended by striking out the words 'over eight ounces' wherever they appear and inserting in lieu thereof 'sixteen ounces or over.'

"(b) Sections 204 (d) and (e) of such Act (39 U. S. C. 292a (d) and (e)) are amended to read as follows:

"(d) The following materials when in parcels not exceeding seventy pounds in weight may be sent at the postage rate of 9 cents for the first pound and 5 cents for each additional pound or fraction thereof, and this rate shall continue until otherwise provided by the Congress: (1) books permanently bound for preservation consisting wholly of reading matter or scholarly bibliography or reading matter with incidental blank spaces for students' notations and containing no advertising matter other than incidental announcements of books; (2) sixteen-millimeter films and sixteen-millimeter film catalogs except when sent to commercial theaters; (3) printed music whether in bound form or in sheet form; (4) printed objective test materials and accessories thereto used by or in behalf of educational institutions in the testing of ability, aptitude, achievement, interests, and other mental and personal qualities with or without answers, test scores, or identifying information recorded thereon in writing or by mark; (5) phonograph recordings; and (6) manuscripts for books, periodical articles, and music.

"(e) (1) The following materials when in parcels not exceeding seventy pounds in weight when loaned or exchanged between (A) schools, colleges, or universities and (B) public libraries, religious, educational, scientific, philanthropic, agricultural, labor, veterans', or fraternal organizations or associations not organized for profit and none of the net income of which inures to the benefit of any private stockholder or individual, or between such organizations and their members or readers or borrowers, shall be charged with postage at the rate of 4 cents for the first pound and 1 cent for each additional pound or fraction thereof, except that the rates now or hereafter prescribed for third- or fourth-class matter shall apply in every case where such rate is lower than the rate prescribed in this subsection, and this rate shall continue until otherwise provided by the Congress: (i) books consisting wholly of reading matter or scholarly bibliography or reading matter with incidental blank spaces for students' notations and containing no advertising matter other than incidental announcements of books; (ii) printed music, whether in bound form or in sheet form; (iii) bound volumes of academic theses in typewritten or other duplicated form and bound volumes of periodicals; (iv) phonograph recordings; and (v) other library materials in printed, duplicated, or photographic form or in the form of unpublished manuscripts.

"(2) The rate provided in paragraph (1) for books may apply to sixteen-millimeter films, filmstrips, transparencies for projection and slides, microfilms, sound recordings, and catalogs of such materials when sent in parcels not exceeding seventy pounds in weight to or from (A) schools, colleges,

or universities and (B) public libraries, religious, educational, scientific, philanthropic, agricultural, labor, veterans', or fraternal organizations or associations, not organized for profit and none of the net income of which inures to the benefit of any private stockholder or individual.

"(3) Public libraries, organizations, or associations, before being entitled to the rates specified in paragraphs (1) and (2) of this subsection, shall furnish to the Postmaster General, under such regulations as he may prescribe, satisfactory evidence that none of their net income inures to the benefit of any private stockholder or individual."

"(c) (1) The first section of the Act entitled 'An Act to readjust the size and weight limitations on fourth-class (parcel post) mail,' approved October 24, 1951 (65 Stat. 610; 39 U. S. C. 240a), is amended by striking out the words 'over eight ounces' each place they appear therein and inserting in lieu thereof the words 'sixteen ounces or over'.

"(2) Section 207 (a) of the Act of February 28, 1925 (39 U. S. C. 240), as amended, is amended by striking out the words 'in excess of eight ounces' and inserting in lieu thereof the words 'sixteen ounces or over'.

"Books for the blind"

"SEC. 207. The Act entitled 'An Act to further amend the Acts for promoting the circulation of reading matter among the blind,' approved October 14, 1941 (55 Stat. 737), is amended by inserting immediately after 'for which no subscription fee is charged' a semicolon and the following: 'books, or pages thereof, in raised characters, whether prepared by hand or printed, which contain no advertisements, when furnished by any person to a blind person without cost to such blind person'.

"Subscription order, bill, and receipt forms"

"SEC. 208. The final clause in the first sentence of the Act of January 20, 1888 (25 Stat. 1; 39 U. S. C. 249), is amended by striking out the following: ", but the same shall be in such form as to convey no other information than the name, place of publication, subscription price of the publication to which they refer and the subscription due thereon".

"Studies and reports with respect to third-class bulk rate increases"

"SEC. 209. (a) The Secretary of Commerce and the Administrator of the Small Business Administration each is authorized and directed to initiate and conduct, through the facilities and personnel of his department or agency, as soon as practicable after July 1, 1959, a separate study of the increases in the rates of postage in third-class bulk mail matter under the amendments made by section 205 (3) (A) and (B) of this title, in order to determine the effect of such increases on small business enterprises and on the users of the mails and the national economy generally.

"(b) The Secretary of Commerce and the Administrator of the Small Business Administration each shall submit to the Senate and House of Representatives on or before March 1, 1960, a separate report of the results of the study conducted by him under subsection (a) of this section, together with such recommendations as may be necessary and appropriate.

"Investigation and study by Postmaster General of dimensional categories for first- and third-class mail envelopes"

"SEC. 210. (a) The Postmaster General is authorized and directed to conduct a thorough investigation and study of the feasibility and desirability of—

"(1) the establishment, by regulation of the Postmaster General, of such number of categories (but not less than two categories) of specified length and width dimensions for envelopes to be used for the transmission of

first-class and third-class mail, as the Postmaster General may determine to be necessary or desirable to increase the efficient handling of the mail; and

"(2) the establishment of an additional charge on any such mail transmitted in an envelope which does not conform in length and width to one of such dimensional categories for envelopes.

"(b) The Postmaster General shall submit to the Senate and House of Representatives, on or before February 1, 1959, a report of the results of such investigation and study, together with his recommendations with respect thereto, including his recommendations for any necessary legislation.

"Determination of class of post office and compensation of postmaster and certain employees"

"SEC. 211. No part of the gross postal receipts of any post office, which are determined in accordance with estimates of the Postmaster General to be attributable to the increases in postage rates provided by this Act, shall be counted for the purpose of determining the classes of the respective post offices and the compensation and allowances of postmasters and other employees whose compensation or allowances are based on the annual gross receipts of such post offices. Nothing contained in this section shall operate to relegate a post office to a class or receipts category below the class or receipts category to which such post office may be assigned on the basis of gross postal receipts accruing during the last complete calendar year prior to the date of enactment of this Act or, in the case of a post office which was in existence on such date of enactment but which was not in existence during the whole of such calendar year, on the basis of gross postal receipts accruing during the last quarter prior to the date of enactment of this Act.

"Salary step increases"

"SEC. 212. (a) Subsection (a) of section 401 of the Postal Field Service Compensation Act of 1955, as amended (39 U. S. C. 981 (a)), is amended by striking out 'salary level PFS-9 or a lower salary level of.'

"(b) Subsection (b) of such section (39 U. S. C. 981 (b)) is repealed.

"Conditions precedent to withdrawal from general fund of Treasury"

"SEC. 213. That part of the paragraph under the heading 'General Provisions' under the appropriations for the Post Office Department contained in chapter IV of the Supplemental Appropriation Act, 1951 (64 Stat. 1050; 31 U. S. C. 695), which precedes the proviso is amended by striking out 'the receipt of revenue from fourth-class mail service sufficient to pay the cost of such service' and inserting in lieu thereof '(1) that the revenues from fourth-class mail service will not exceed by more than 4 per centum the costs thereof and (2) that the costs of such fourth-class mail service will not exceed by more than 4 per centum the revenues therefrom.'

"Repeals"

"SEC. 214. (a) The following provisions of law are hereby repealed—

"(1) The Act of June 9, 1930 (39 U. S. C. 793), relating to certification of estimated amounts of postage that would have been collected on certain free or reduced-rate mailings, which the Postmaster General is required to make to the Secretary of the Treasury and to the Comptroller General of the United States;

"(2) Paragraph (4) of section 202 (a) of the Act of February 28, 1925 (45 Stat. 941; 39 U. S. C. 283 (4));

"(3) Section 202 (b) of the Act of February 28, 1925 (43 Stat. 1066; 39 U. S. C. 283 (b)); and

"(4) Section 204 of the Act of February 28, 1925 (43 Stat. 1067; 39 U. S. C. 288).

"(b) The last sentence of section 4 (a) of the Civil Service Retirement Act as contained in the Civil Service Retirement Act Amendments of 1956 (70 Stat. 747) is hereby repealed, and hereafter the amounts contributed by the Post Office Department to the civil service retirement and disability fund in compliance with such section 4 (a) of the Civil Service Retirement Act shall be considered as costs of providing postal service for the purpose of establishing postal rates.

"Effective dates

"SEC. 215. (a) The provisions of this section and sections 201, 204 (d), 204 (e), 209, 210, 211, 212, 213, and 214 (a) (1), (2), and (4) of this title shall become effective on the date of enactment of this Act.

"(b) The provisions of sections 202, 203, 204 (c), 204 (f), 205 (1), 205 (5), and 206 of this title shall become effective on the first day of the first month which begins at least 40 days after the date of enactment of this Act.

"(c) The provisions of section 204 (a) and (b) of this title shall become effective as provided in such section 204 (a) and (b).

"(d) The provisions of sections 205 (2), 205 (3), 205 (4), 205 (6), and 214 (a) (3) of this title shall become effective on January 1, 1959.

"(e) The provisions of sections 207 and 208 of this title shall become effective on July 1, 1958.

"(f) The provisions of section 214 (b) of this title shall become effective as of the effective date of the Civil Service Retirement Act Amendments of 1956.

"TITLE III—POSTAL MODERNIZATION FUND

"Establishment of fund

"SEC. 301. There is hereby established in the Treasury of the United States a fund to be known as the 'Postal Modernization Fund' (hereinafter referred to as the 'Fund').

"Appropriations to fund

"SEC. 302. There are hereby authorized to be appropriated and paid into the Fund such sums as may be necessary during each fiscal year, beginning with the fiscal year ending June 30, 1959 and ending with the fiscal year ending June 30, 1961, to carry out the purposes of this title.

"Expenditure from fund

"SEC. 303. Moneys paid into the Fund, together with any income thereof under section 304 (b) or otherwise, shall be available until expended for obligation by the Postmaster General for the purpose of conducting research, either directly or through private or other organizations, and for the purpose of developing, acquiring, and placing into operation improved equipment and facilities for the performance of the postal function.

"Management of fund

"SEC. 304. (a) It shall be the duty of the Secretary of the Treasury to hold the Fund, and (after consultation with the Postmaster General) to report to the Congress not later than the first day of January of each year (beginning with 1960) on the financial condition of the Fund as of the end of the next preceding fiscal year.

"(b) It shall be the duty of the Secretary of the Treasury to invest such portion of the Fund as is not, in his judgment, after consultation with the Postmaster General, required to meet current withdrawals. Such investments may be made only in interest-bearing obligations of the United States or in obligations guaranteed as to both principal and interest by the United States.

"Report of Postmaster General

"SEC. 305. The Postmaster General shall include in his annual report to the President for each year a detailed report of his activities during such year under this title.

"TITLE IV—INCREASES IN COMPENSATION OF POSTAL EMPLOYEES

"SEC. 401. The Postal Field Service Compensation Act of 1955, approved June 10, 1955

(Public Law 68, Eighty-fourth Congress), is hereby amended as follows:

"(a) In section 301 (a) strike out the Postal Field Service Schedule, and insert the following schedule:

"Postal Field Service Schedule

Level	Per annum rates and steps						
	1	2	3	4	5	6	7
1.....	\$3,095	\$3,205	\$3,315	\$3,425	\$3,535	\$3,645	\$3,755
Temporary rate.....	3,170	3,285	3,400	3,515	3,630	3,745	3,860
2.....	3,320	3,435	3,550	3,665	3,780	3,895	4,010
Temporary rate.....	3,405	3,525	3,645	3,765	3,885	4,005	4,125
3.....	3,580	3,705	3,830	3,955	4,080	4,205	4,330
Temporary rate.....	3,670	3,800	3,930	4,060	4,190	4,320	4,450
4.....	3,935	4,070	4,205	4,340	4,475	4,610	4,745
Temporary rate.....	4,035	4,175	4,315	4,455	4,595	4,735	4,875
5.....	4,170	4,305	4,440	4,575	4,710	4,845	4,980
Temporary rate.....	4,275	4,415	4,555	4,695	4,835	4,975	5,115
6.....	4,505	4,655	4,805	4,955	5,105	5,255	5,405
Temporary rate.....	4,620	4,775	4,930	5,085	5,240	5,395	5,550
7.....	4,870	5,035	5,200	5,365	5,530	5,695	5,860
Temporary rate.....	4,945	5,110	5,275	5,440	5,605	5,770	5,935
8.....	5,255	5,440	5,625	5,810	5,995	6,180	6,365
9.....	5,675	5,875	6,075	6,275	6,475	6,675	6,875
10.....	6,235	6,450	6,665	6,880	7,095	7,310	7,525
11.....	6,860	7,095	7,330	7,565	7,800	8,035	8,270
12.....	7,545	7,805	8,065	8,325	8,585	8,845	9,105
13.....	8,310	8,590	8,870	9,150	9,430	9,710	9,990
14.....	9,140	9,440	9,740	10,040	10,340	10,640	10,940
15.....	10,050	10,350	10,650	10,950	11,250	11,550	11,850
16.....	11,075	11,375	11,675	11,975	12,275	12,575	12,875
17.....	12,255	12,555	12,855	13,155	13,455	13,755	14,055
18.....	13,760	14,060	14,360	14,660	14,960	15,260	15,560
19.....	15,000	15,300	15,600	15,900			
20.....	16,000'						

"(b) In section 302 (a) strike out the Rural Carrier Schedule, and insert the following schedule:

"Rural Carrier Schedule

	Per annum rates and steps						
	1	2	3	4	5	6	7
Carriers in rural delivery service:							
Fixed compensation per annum.....	\$1,841	\$1,896	\$1,951	\$2,006	\$2,061	\$2,116	\$2,171
Temporary rate.....	1,941	2,001	2,061	2,121	2,181	2,241	2,301
Compensation per mile per annum for each mile up to 30 miles of route.....	65	67	69	71	73	75	77
For each mile of route over 30 miles.....	22	22	22	22	22	22	22
Temporary carriers in rural delivery service on routes to which no regular carrier is assigned:							
Fixed compensation per annum.....	1,841						
Temporary rate.....	1,941						
Compensation per mile per annum for each mile up to 30 miles of route.....	65						
For each mile of route over 30 miles.....	22						
Temporary carriers in rural delivery service on routes having regular carriers absent without pay or on military leave.....	(1)	(1)	(1)	(1)	(1)	(1)	(1)
Substitute carriers in rural delivery service on routes having carriers absent with pay.....	(1)	(1)	(1)	(1)	(1)	(1)	(1)'

' Basic compensation authorized for the regular carrier.

"(c) In section 302 (c) strike out '\$4,700' and insert '\$5,165 during the period referred to in section 304 (c) or \$5,035 thereafter.'

"(d) In section 303 (a) strike out the Fourth-Class Office Schedule and insert the following schedule:

"Fourth-class office schedule

Gross receipts	Per annum rates and steps						
	1	2	3	4	5	6	7
\$1,300 to \$1,499.99.....	\$2,703	\$2,793	\$2,883	\$2,973	\$3,063	\$3,153	\$3,243
Temporary rate.....	2,771	2,863	2,955	3,047	3,139	3,231	3,323
\$900 to \$1,299.99.....	2,477	2,559	2,641	2,723	2,805	2,887	2,969
Temporary rate.....	2,539	2,623	2,707	2,791	2,875	2,959	3,043
\$600 to \$899.99.....	2,027	2,094	2,161	2,228	2,295	2,362	2,429
Temporary rate.....	2,078	2,148	2,218	2,288	2,358	2,428	2,498
\$350 to \$599.99.....	1,577	1,629	1,681	1,733	1,785	1,837	1,889
Temporary rate.....	1,616	1,669	1,722	1,775	1,828	1,881	1,934
\$250 to \$349.99.....	1,127	1,154	1,201	1,238	1,275	1,312	1,349
Temporary rate.....	1,155	1,193	1,231	1,269	1,307	1,345	1,383
\$200 to \$249.99.....	901	931	961	991	1,021	1,051	1,081
Temporary rate.....	924	954	984	1,014	1,044	1,074	1,104
\$100 to \$199.99.....	676	698	720	742	764	786	808
Temporary rate.....	693	715	737	759	781	803	825
Under \$100.....	450	465	480	495	510	525	540
Temporary rate.....	461	476	491	506	521	536	551'

"(a) In section 304 insert the following new subsection:

"(c) Wherever a temporary per annum rate is provided by a basic salary schedule contained in this title, such temporary rate shall be in effect, in lieu of the regular scheduled rate, for the period beginning on the effective date of this amendment and ending on the last day of the last pay period which begins not more than three years after such date."

"SEC. 402. (a) The annual rate of basic salary of any officer or employee whose basic salary by reason of the provisions of section 504 of the Postal Field Service Compensation Act of 1955 is at a rate between two scheduled rates, or above the highest scheduled rate, in the Postal Field Service Schedule, the Rural Carrier Schedule, or the Fourth-Class Office Schedule, whichever may be applicable, is hereby increased by an amount equal to the amount of the increase made by this title in the next lower rate of the appropriate level in such schedule.

"(b) As used in this section, the term 'basic salary' has the same meaning as when used in the Postal Field Service Compensation Act of 1955.

"SEC. 403. No increase under the provisions of this title shall be construed to be an equivalent increase within the meaning of section 401 (a) of the Postal Field Service Compensation Act of 1955.

"SEC. 404. The Governor of the Canal Zone is authorized and directed to grant, effective as of January 1, 1958, increases in the compensation of postal employees of the Canal Zone Government comparable to those provided by this title for similar employees.

"SEC. 405. This Act shall have the same force and effect within Guam as within other possessions of the United States.

"SEC. 406. (a) Retroactive compensation or salary shall be paid by reason of this title only in the case of an individual in the service of the United States (including service in the Armed Forces of the United States) or the municipal government of the District of Columbia on the date of enactment of this title, except that such retroactive compensation or salary shall be paid (1) to a postmaster, officer, or employee who retired during the period beginning on the first day of the first pay period which began on or after January 1, 1958, and ending on the date of enactment of this title for services rendered during such period and (2) in accordance with the provisions of the Act of August 3, 1950 (Public Law 636, Eighty-first Congress), as amended, for services rendered during the period beginning on the first day of the first pay period which began on or after January 1, 1958, and ending on the date of enactment of this title by a postmaster, officer, or employee who died during such period. Such retroactive compensation or salary shall not be considered as basic salary for the purposes of the Civil Service Retirement Act in the case of any such retired or deceased postmaster officer, or employee.

"(b) For the purposes of this section, service in the Armed Forces of the United States, in the case of an individual relieved from training and service in the Armed Forces of the United States or discharged from hospitalization following such training and service, shall include the period provided by law for the mandatory restoration of such individual to a position in or under the Federal Government or the municipal government of the District of Columbia.

"SEC. 407. (a) This title shall take effect as of the first day of the first pay period which began on or after January 1, 1958.

"(b) For the purpose of determining the amount of insurance for which an individual is eligible under the Federal Employees' Group Life Insurance Act of 1954, all changes in rates of compensation or salary which result from the enactment of this title shall be held and considered to be effective as of the date of such enactment."

And the Senate agree to the same.

That the House recede from its disagreement to the amendment of the Senate to the title of the bill and agree to the same.

TOM MURRAY,
JAMES H. MORRISON,
JAMES C. DAVIS,
EDWARD H. REES,
ROBERT J. CORBETT,

Managers on the Part of the Senate.

OLIN D. JOHNSTON,
MIKE MONRONEY,
FRANK CARLSON,

Managers on the Part of the House.

STATEMENT OF THE MANAGERS ON THE PART OF THE HOUSE

The managers on the part of the House at the conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 5836) entitled "An act to readjust postal rates and to establish a congressional policy for the determination of postal rates, and for other purposes", submit the following statement in explanation of the effect of the action agreed upon by the conferees and recommended in the accompanying conference report:

The Senate amendments struck out all of the House bill after the enacting clause and inserted a substitute text and provided a new title for the House bill.

With respect to the amendment of the Senate to the text of the House bill, the committee of conference recommends that the House recede from its disagreement to the amendment of the Senate with an amendment which is a substitute for both the text of the House bill and the text provided by the Senate amendment and that the Senate agree to the same.

A summary of the major provisions of the conference substitute follows.

SUMMARY OF PROVISIONS OF MAJOR CONFERENCE SUBSTITUTE

Increased revenue

Postal revenues will be increased by \$550,000,000 per annum when all of the postal rate adjustments provided by the conference substitute become effective.

Cost of postal pay increase

The annual cost of the postal pay increases provided by the conference substitute will be \$265,000,000. The cost of the retroactive effect of such pay increases will be approximately \$97,000,000.

Postal rates

A table comparing present and proposed postal rates appears on page 20.

First-Class Mail

The letter rate is increased from 3 cents to 4 cents, and rates on post and postal cards and drop letters are increased from 2 cents to 3 cents, as in the House bill. The increases are effective August 1, 1958.

Domestic Airmail

The airmail letter rate is increased from 6 cents to 7 cents, and the airmail card rate from 4 cents to 5 cents, as in the House bill. The increases are effective August 1, 1958.

Second-Class Mail

Publishers' pound rates are identical to the publishers' pound rates provided by the

Senate amendment, as shown in the following table:

	Step 1	Sept 2	Step 3
	Cents	Cents	Cents
Nonadvertising portion.....	2.1	2.3	2.5
Advertising portion:			
First and second zones.....	2.2	2.6	3.0
Third zone.....	3.0	3.5	4.0
Fourth zone.....	4.5	5.2	6.0
Fifth zone.....	6.0	7.0	8.0
Sixth zone.....	7.7	8.7	10.0
Seventh zone.....	9.2	11.0	12.0
Eighth zone.....	11.0	12.5	14.0
Minimum per piece.....	.25	.375	.5

The step increases are effective January 1 of the next 3 calendar years. Periodicals of nonprofit organizations are exempted from these increases, as in the House bill.

The "transient" rate is increased from 1 cent on each 2 ounces above the first 2 ounces to 1 cent for each ounce above the first 2 ounces, as in the Senate amendment, which is similar in effect to the House provision.

Second-class entry is authorized for publications with hard binding. Application of advertising rates to advertisements inserted in publications is reaffirmed. These provisions are contained in the Senate amendment.

Controlled Circulation Publications

A uniform, increased rate of 12 cents per pound is provided for these publications regardless of weight of individual issue, with the present minimum charge of 1 cent per piece continued, as in both House and Senate versions.

Third-Class Mail

Individual piece rates are increased (a) on circulars and merchandise from 2 to 3 cents on the first 2 ounces and from 1 cent to 1.5 cents on each additional ounce, and (b) on the first 2 ounces of books and catalogs from 2 cents to 3 cents, as in both House and Senate versions. The increase on additional ounces of books and catalogs over the first 2 ounces is from 1.5 cents on each additional 2 ounces to 1.5 cents on each additional ounce, as in the Senate amendment.

The bulk rates on circulars, merchandise, books, and catalogs are identical to the bulk rates provided by the Senate amendment, as shown in the following table:

	Step 1	Step 2
	Cents	Cents
Circulars, merchandise, etc.—		
Per pound.....	16	
Minimum per piece.....	2	2.5
Books and catalogs—		
Per pound.....	110	
Minimum per piece.....	2	2.5

¹ Present rate continued.

The rates for step 1 and step 2 as shown in the above table are effective January 1, 1959, and July 1, 1960, respectively.

The minimum per-piece rate on bulk mailings of nonprofit organizations will be increased from 1 cent to 1½ cents, as in the Senate amendment, effective July 1, 1960.

Items of third-class mail may weigh up to, but not including, 16 ounces, as in the Senate amendment, compared to the present 8-ounce maximum.

The charge for odd sizes and shapes is increased from 3 cents to 6 cents, as in the Senate amendment.

The bulk mailing permit fee is increased from \$10 to \$20, as in both House and Senate versions.

Fourth-Class Mail

Book rates are increased from 8 cents on the first pound and 4 cents on each additional pound to 9 cents on the first pound and 5 cents on each additional pound. The House bill provided 10 cents on the first pound. The category of items subject to such rates is broadened, combining similar House and Senate provisions.

Existing library book rates are continued, extended to additional materials, and applied regardless of zone of delivery, combining similar House and Senate provisions.

The minimum weight for fourth-class mailings is increased from "over 8 ounces" to 16 ounces, as in the Senate bill.

Miscellaneous

(1) Free mailing of books for the blind is extended to individuals, (2) the inclusion of additional material in subscription notices in publications is authorized, (3) automatic step increases above step 4 are extended to employees in salary levels 10 and above, and (4) the Postmaster General is directed to study and report to the Congress on the desirability of standard envelope sizes for first- and third-class mailings, and of additional charges on envelopes not conforming to such dimensions, as in the Senate amendment.

Obsolete or unnecessary laws are repealed, including (1) a requirement for certification of certain postal costs to the Secretary of the Treasury and the Comptroller General, (2) a graduated scale of rates for publications based on the number of individually addressed copies per pound, (3) the exemption from advertising rates for publications having not over 5 percent advertising content (conforming to the new publishers' rates), and (4) a special rate for any one issue of a publication weighing not over 1 pound and mailed to a single zone, as in the Senate amendment.

Increased revenues from the postal rate increases are excluded in the determination of classes of post offices and compensation of postmasters and certain other employees, as in both House and Senate versions, based on certain estimates by the Postmaster General as provided in the Senate amendment.

Post Office Department contributions to the civil service retirement and disability fund are included in postal costs for the purpose of establishing postal rates, as in both House and Senate versions.

The requirement that the Postmaster General petition for fourth-class rate adjustments is revised to provide that such rates will assure that postal revenues and expenses for such mail will not vary by more than 4 percent. The House bill contained the same provision, but with a 1 percent variation.

The Secretary of Commerce and the Administrator of the Small Business Administration are required to study, and to report to the Congress on, the impact of third-class bulk rate increases on small business, mail users, and the national economy.

Postal Policy

The conference substitute provides that the total loss on mail carried free or at reduced rates shall be considered as public service to be paid for from the general fund of the Treasury and not apportioned to other users of the mails. Appropriations to reimburse the postal service for such losses are authorized. The losses are the total losses on periodicals and on advertising mailed by nonprofit groups, Pan American Union mail (including mail of the diplomatic corps of the countries in the Union), free-in-county mail, books and other articles for the blind, Pan American Sanitary Bureau mail, mail sent under The Federal Voting Assistance Act of 1955, free mail for certain individuals, books mailed under the special book and library book rates, nonpostal services for

other departments, special postal services such as c. o. d., etc., the loss on operation of star routes and third- and fourth-class post offices, and the added cost of United States mail sent by foreign air carriers at a higher Universal Postal Union rate.

The Postmaster General is directed to review and study, at least every 2 years, the postal rate structure, revenues and expenses related to the several classes of mail, and types of services and facilities to determine the need for postal rate adjustments in accordance with the policy provisions in the conference substitute. The Postmaster General will report to the Congress each second year on the results.

Postal Modernization Fund

The conference substitute establishes a Postal Modernization Fund in the Treasury,

authorizes appropriations thereto for the fiscal years 1959, 1960, and 1961, provides for use of the Fund for research and the development and placing into operation of improved equipment and facilities, and prescribes conditions for the management of the Fund and reports of operations thereunder, based on similar provisions in the Senate amendment.

Postal Pay

Postal employees are granted a permanent increase of 7½ percent plus a temporary increase for 3 years of 2½ percent in levels 1 through 6, and 1½ percent in level 7, of the PFS schedule, with comparable increases for rural carriers and fourth-class postmasters. Both increases are retroactive to the first pay period beginning on or after January 1, 1958.

TABLE OF PRESENT AND PROPOSED RATES

[In cents except as otherwise indicated]

Mail classification	Unit	Present	House bill	Senate amendment	Conference substitute
First-class:					
Letters.....	Ounce.....	3.0	4.0	4.0 local; 5.0 nonlocal for 3 years	4.0
Cards.....	Each.....	2.0	3.0	3.0	3.0
Drop letters.....	Ounce.....	2.0	3.0	3.0	3.0
Airmail:					
Letters.....	do.....	6.0	7.0	8.0	7.0
Cards.....	Each.....	4.0	5.0	5.0	5.0
			Steps	Steps	Steps
			1st 2d 3d 4th	1st 2d 3d	1st 2d 3d
Second-class:					
Publishers outside county:					
Editorial.....	Pound.....	1.95	2.2 2.5 2.8 3.1	2.1 2.3 2.5	2.1 2.3 2.5
Advertising:					
Zones 1 and 2.....	do.....	1.95	2.2 2.5 2.8 3.1	2.2 2.6 3.0	2.2 2.6 3.0
Zone 3.....	do.....	2.6	3.0 3.4 3.8 4.2	3.0 3.5 4.0	3.0 3.5 4.0
Zone 4.....	do.....	3.9	4.5 5.1 5.7 6.2	4.5 5.2 6.0	4.5 5.2 6.0
Zone 5.....	do.....	5.2	6.0 6.8 7.5 8.3	6.0 7.0 8.0	6.0 7.0 8.0
Zone 6.....	do.....	6.5	7.5 8.4 9.4 10.4	7.7 8.7 10.0	7.7 8.7 10.0
Zone 7.....	do.....	7.8	9.0 10.1 11.3 12.5	9.2 11.0 12.0	9.2 11.0 12.0
Zone 8.....	do.....	9.1	10.5 11.8 13.2 14.6	11.0 12.5 14.0	11.0 12.5 14.0
Minimum per copy.....	Each.....	¾	¾	¾	¾
Nonprofit organizations.....	All units.....	All rates	Exempt	50 percent of regular rates	Exempt
Transient.....	1st 2 oz.....	2.0	2.0	2.0	2.0
	Added 2 oz.....	1.0	1.5	1.0	1.0
	Added oz.....				
Third-class:					
Individual piece:					
Circulars, merchandise, and miscellaneous.....	1st 2 oz.....	2.0	3.0	3.0	3.0
	Added oz.....	1.0	1.5	1.5	1.5
Books and catalogs.....	1st 2 oz.....	2.0	3.0	3.0	3.0
	Added 2 oz.....	1.5			
	Added oz.....		1.0	1.5	1.5
Bulk mailings:					
Circulars, merchandise, and miscellaneous.....	Pound.....	14.0	16.0	16.0	16.0
	Piece min.....	1.5	2.5	2.0-2.5	2.0-2.5
Books and catalogs.....	Pound.....	10.0	12.0	10.0	10.0
	Piece min.....	1.5	2.5	2.0-2.5	2.0-2.5
Odd sizes.....	do.....	3.0	5.0	6.0	6.0
Permit fee.....	Year.....	\$10	\$20	\$20	\$20
Nonprofit organizations.....	Piece min.....	1.0	1.0	1.25	1.25
Fourth-class: Books (other than library).	1st pound.....	8.0	10.0	8.0	9.0
	Added pound.....	4.0	5.0	4.0	5.0
Controlled circulation.....	Not over 8 oz.....	10.0	12.0	12.0	12.0
	Over 8 oz.....	11.0	12.0	12.0	12.0

¹ Cards wholly in original handwriting exempted and continued at present rate.

² Increased in 2 steps.

³ Increased rate applies when second step-increase in regular per piece minimum rates become effective.

⁴ See page 31, for explanation of provisions of Senate amendment relating to such organizations.

A detailed explanation of the provisions of the House bill, the Senate amendment, and the conference substitute is set forth below:

"EXPLANATION OF HOUSE BILL, SENATE AMENDMENT, AND CONFERENCE SUBSTITUTE

"The text of the House bill consisted of two titles preceded by a short General Statement covering the scope and purpose of the House bill.

"Title I provided for present increases in postal rates.

"Title II contained a new postal policy, as conceived by the House, which would serve as a guide in the determination and adjustment of postal rates by the Congress from time to time in the future.

"The Senate amendment to the House text consisted of four titles.

"Title I set forth a postal policy, as conceived by the Senate, which would provide a basis for the determination and adjustment of the postal-rate structure from time to time by action of the Congress.

"Title II provided for present increases in postal rates.

"Title III established a Postal Modernization Fund to be available for the conduct of research and for the development, acquisition, and utilization of improved equipment and facilities for the performance of the postal function.

"Title IV provided for increases in the rates of basic salary of postal field service employees.

"The House bill contained no provisions comparable to title III or title IV of the Senate amendment.

"Except for technical and minor drafting changes, the differences between the texts of the House bill, the Senate amendment, and the conference substitute are explained below.

"Preliminary general statement

"House bill: The House bill contained a General Statement immediately following the enacting clause which outlined the scope and purpose of the House bill.

"This statement was to the effect that the Congress recognizes the necessity and desirability of adjustments in present postal rates and fees so that, insofar as consistent with the public interest and the postal rate policy set forth in title II of the House bill, postal revenues will more nearly equal postal expenses and postal service will be improved.

"This statement also contained a provision to the effect that the Congress recognizes that it is necessary and desirable in the public interest that the Congress establish a firm policy with respect to postal activities, revenue, and expenses which will serve as a guide in the determination and adjustment by the Congress, from time to time, of the postal-rate structure.

"Senate amendment: The Senate amendment did not commence with a general statement, although ideas of the same general import may be found in the postal policy declaration contained in title I of the Senate amendment.

"Conference substitute: The conference substitute omits the General Statement contained in the House bill.

"Postal rate increases

"Title I of the House bill and title II of the Senate amendment provided for increases in postal rates.

"The postal rate increase provisions of the conference substitute are contained in title II of the conference substitute.

"1. Short Title

"House bill: Section 101 of the House bill provided for title I of the House bill the short title 'Postal Rate Increase Act, 1957'.

"Senate amendment: Section 201 of the Senate amendment provided for title II of the Senate amendment the short title 'Postal Rate Increase Act, 1958'.

"Conference substitute: The conference substitute adopts the Senate short title 'Postal Rate Increase Act, 1958'.

"2. First-Class Mail

"First-class mail includes all matter wholly or partly in writing (whether sealed or unsealed), except manuscript copy accompanying proofsheets or corrected proofsheets of the same and the writing authorized by law to be placed upon matter of other classes. First-class mail also includes matter sealed or otherwise closed against inspection.

"House bill: Letters. Section 102 (a) of the House bill proposed increases in the rate on all first-class letter mail from 3 cents to 4 cents an ounce or fraction thereof.

"Post and postal cards and drop letters. Section 102 (b) of the House bill proposed increases in the rates on post cards, each portion of double post cards, and private mailing cards from 2 cents to 3 cents. The rate on 'drop letters' (letters mailed for local delivery at post offices where free delivery by carrier is not established and where these letters are not collected or delivered by rural or star route carrier) also would be increased from 2 cents to 3 cents an ounce or fraction thereof.

"Senate amendment: Letters. Section 202 (a) of the Senate amendment proposed an increase in the rate on first-class letter mail mailed for nonlocal delivery from 3

cents to 5 cents an ounce or fraction thereof and an increase in the rate on first-class letter mail mailed for local delivery from 3 cents to 4 cents an ounce or fraction thereof.

"The proposed 5-cent nonlocal delivery rate would expire on July 1, 1961, at which time the first-class letter rate would be uniform at 4 cents an ounce or fraction thereof.

"Mail 'for local delivery' would include mail originating within the delivery limits of a post office for delivery to an addressee located within the delivery limits of such post office. In addition, in large cities with densely-populated adjacent areas having two or more post offices, the Postmaster General would be authorized (in his discretion) to apply the concept of mail 'for local delivery' for rate purposes to first-class matter mailed at one of such post offices and addressed for delivery at another of such offices.

"Post and postal cards and drop letters. Section 202 (b) of the Senate amendment proposed increases (similar to those in the House bill) in the rates on post cards, each portion of double post cards, private mailing cards, and drop letters, from 2 cents to 3 cents.

"These proposed increases in the rates on post and postal cards would be qualified by section 202 (c) of the Senate amendment which provided that the rate on certain single postal cards and private mailing or post cards shall be 2 cents if the address and message thereon are wholly in original handwriting. The term 'handwriting' does not include typewritten matter, matter which is a reproduction or imitation of handwriting prepared by mechanical, photographic, or other process, and any matter (whether or not handwritten) which is attached to the card. Section 202 (c) also provided that the Postmaster General may provide by regulation for the preparation and sale of postal cards of a distinctive color for transmission in the mails at the special 2-cent rate for cards in original handwriting.

"Conference substitute: Letters. Section 202 (a) of the conference substitute, like section 102 (a) of the House bill, increased the rate on all first-class letter mail from 3 cents to 4 cents an ounce or fraction thereof.

"Post and postal cards and drop letters. Section 202 (b) of the conference substitute, like section 102 (b) of the House bill, increased the rates on post cards, each portion of double post cards, and private mailing cards from 2 cents to 3 cents.

"The rate on drop letters also is increased from 2 cents to 3 cents an ounce or fraction thereof as provided by the House bill.

"Effective date. The effective date of rate increases on first-class letter mail, post and postal cards, and drop letters provided by the conference substitute is the first day of the first month which begins at least 40 days after the date of enactment of the conference substitute in lieu of October 1, 1957, as provided by the House bill and July 1, 1958, as provided by the Senate amendment.

"3. Domestic Airmail

"Domestic airmail includes letters and other matter weighing 8 ounces or less which is given preferential handling, including transportation by air.

"House bill: Letters, post and postal cards, and other matter. Section 103 of the House bill proposed an increase in the rate on airmail letters and other matter from 6 cents to 7 cents an ounce or fraction thereof. Section 103 also proposed an increase from 4 cents to 5 cents each in the rate on airmail postal cards and private mailing or post cards.

"Senate amendment: Letters, post and postal cards, and other matter. Section 202 (c) of the Senate amendment proposed an increase in the rate on airmail letters and other matter from 6 cents to 8 cents an

ounce or fraction thereof (in lieu of the 7-cent rate proposed by the House bill). The proposed increase in the rate on airmail post and postal cards was from 4 cents to 5 cents each—the same as the House bill.

"Conference substitute: Letters, post and postal cards, and other matter. Section 203 of the conference substitute, like section 103 of the House bill, increases the rate on airmail letters and other matter from 6 cents to 7 cents an ounce or fraction thereof. Also, the rate on airmail postal cards and private mailing or post cards is increased from 4 cents to 5 cents each, as provided by section 103 of the House bill.

"The effective date of these rate increases on domestic airmail provided by the conference substitute is the first day of the first month which begins at least 40 days after the date of enactment of the conference substitute in lieu of October 1, 1957, as provided in the House bill, and July 1, 1958, as provided in the Senate amendment.

"4. Second-Class Mail

"Second-class mail consists of publishers' second-class mail (periodical publications, newspapers, and magazines, mailed by publishers and news agents) and transient second-class mail (publications entered as second-class matter when sent by others than the publishers or news agents).

"House bill: Publishers' second-class mail. Section 104 (a) of the House bill proposed an increase in the pound rates on the advertising and nonadvertising portions of publications mailed by publishers or news agents, addressed for delivery outside the county of publication, by four annual increments of approximately 15 percent each. Such section 104 (a) retained those provisions of existing law under which the nonadvertising rate applies with respect to the entire publication if not more than 5 percent of the space of the publication is devoted to advertising. This increase proposed by section 104 (a) would not apply to newspaper issues having press runs of 5,000 copies or less and the applicable existing rates would continue to be in effect with respect to such issues until otherwise provided by Congress. Also, this increase would not apply to publications of nonprofit religious, educational, scientific, philanthropic, agricultural, labor, veterans', or fraternal organizations or associations or to publications of a religious, educational, or scientific nature designed specifically for use in classrooms or in religious instruction classes.

"Minimum charge per piece on individually addressed copies of second-class mail publications mailed by publishers and news agents. Section 104 (b) of the House bill proposed an increase from one-eighth cent per piece to one-fourth cent per piece in the minimum charge per piece on each individually addressed copy of a second-class mail publication mailed by a publisher or news agent. This increase in the minimum charge per piece would not apply to copies of publications mailed for delivery within the county of mailing. Also, this minimum charge per piece increase would not apply to copies of publications mailed by the above-listed types of nonprofit organizations and associations or of the above-mentioned publications for classroom use.

"Transient second-class mail. Section 104 (c) of the House bill proposed a rate increase, for publications having second-class entry mailed by others than the publishers or authorized news agents or mailed as sample copies in excess of the 10 percent allowance at the publishers' rate, from the present rate of 2 cents for the first 2 ounces and 1 cent for each additional 2 ounces or fraction thereof to 2 cents for the first 2 ounces and 1½ cents for each additional 2 ounces or fraction thereof.

"Special 'break-even' publishers' and news agents' rates. Section 104 (d) of the House bill proposed the establishment of special

'break-even' rates for the mailings of individual publishers and news agents in those cases occurring in any fiscal year (beginning with the fiscal year ending June 30, 1958) in which the costs incurred by the Post Office Department exceeded by \$100,000 the revenues received by the Department in connection with the mailings of the individual publisher or news agent concerned. These special rates would be fixed and determined by the Postmaster General, for the remainder of the fiscal year concerned, on a basis which would effect, as nearly as practicable, the equalization of revenues and costs for the mailings of the individual publisher or news agent concerned. At the beginning of the fiscal year immediately following the fiscal year in which the Postmaster General established these special rates for the mailings of any individual publisher or news agent, the regular rates again would apply to such mailings, subject, however, to a possible subsequent imposition of special rates for the remainder of the fiscal year if the \$100,000 loss limit again were exceeded.

"These special 'break-even' rate provisions were made expressly inapplicable to any newspaper or periodical maintained by and in the interests of any nonprofit religious, educational, scientific, philanthropic, agricultural, labor, veterans', or fraternal organization or association, to any religious, educational, or scientific publication designed specifically for use in school classrooms or in religious instruction classes, and to any such nonprofit organization or association itself.

"No provisions for special 'break-even' publishers' and news agents' rates were contained in the Senate amendment.

"Senate amendment: Publishers' second-class mail. Section 203 (a) of the Senate amendment proposed an increase in the pound rates on the nonadvertising portions of publications mailed by publishers or news agents, addressed for delivery outside the county of publication, by three annual increments of approximately 10 percent each, effective, respectively, on July 1, 1958, July 1, 1959, and July 1, 1960. Section 203 (a) also proposed an increase in the pound rates on the advertising portions of such publications by three annual increments of approximately 20 percent each, also effective, respectively, on such dates.

"Under existing law and under section 104 (a) of the House bill, the nonadvertising rate applies with respect to the entire publication if not more than 5 percent of the space of the publication is devoted to advertising. Under the proposal contained in section 203 (a) of the Senate amendment, this existing 5 percent provision is eliminated and the advertising rate would apply to the advertising portion even though the advertising portion is less than 5 percent.

"Publications of nonprofit organizations or associations and publications designed for classroom use. Section 203 (b) of the Senate amendment proposed an adjustment in the rates of postage on newspapers and periodicals maintained by and in the interests of nonprofit religious, educational, scientific, philanthropic, agricultural, labor, veterans', or fraternal organizations or associations, as follows: on and after July 1, 1958, the regular pound rate or minimum rate, as applicable, reduced by 50 percent. Section 203 (b) also proposed an adjustment in the rates of postage on religious, educational, or scientific publications designed specifically for use in school classrooms or in religious instruction classes, as follows: on and after July 1, 1958, the regular pound rate or minimum rate, as applicable, reduced by 35 percent. The House bill contained no provisions comparable to the foregoing two provisions but retained existing rates on publications of such nonprofit organizations and associations and on publications designed for classroom use.

"Minimum charge per piece on individually addressed copies of second-class mail publications mailed by publishers and news agents. Section 203 (c) of the Senate amendment proposed an increase in the existing rate of one-eighth cent per piece in the minimum charge per piece on each individually addressed copy of a second-class mail publication mailed by a publisher or news agent, as follows: to one-fourth of one cent, effective July 1, 1958; to three-eighths of one cent, effective July 1, 1959; and to one-half of one cent, effective July 1, 1960. In accordance with the provisions contained in section 203 (b), the increased minimum charge per piece applicable to publications of nonprofit organizations and associations would be reduced by 50 percent and the minimum charge per piece applicable to publications designed for classroom use would be reduced by 35 percent. However, publication copies entitled to the free-in-county mailing privilege would be exempted from the increases provided by section 203 (c).

"Transient Second-Class Mail. Section 203 (d) of the Senate amendment proposed a rate increase, effective on July 1, 1958, for publications having second-class entry mailed by others than the publishers or authorized news agents or mailed as sample copies in excess of the 10 percent allowance at the publishers' rate, from the present rate of 2 cents for the first 2 ounces and 1 cent for each additional 2 ounces or fraction thereof to 2 cents for the first 2 ounces and 1 cent for each additional ounce or fraction thereof.

"Admission to Second-Class Mail Category of Publications With Board, Cloth, Leather, and Other Substantial Bindings. Section 14 of the Act of March 3, 1879, as amended (39 U. S. C. 226), contains conditions governing the admission of publications to the second-class mail privilege. The third of these conditions now requires that the publication " * * * must be formed of printed paper sheets, without board, cloth, leather, or other substantial binding, such as distinguishing printed books for preservation from periodical publications * * *." This existing provision has the effect of denying the second-class mail privilege to publications having substantial bindings.

"Section 203 (e) of the Senate amendment proposed to change this provision, effective on the date of enactment, in order to make the second-class mailing privilege available to publications having board, cloth, leather, or other substantial bindings.

"The House bill contained no provision comparable to that contained in such section 203 (e).

"Application of second-class mail rates to advertising portions of publications entered as second-class matter: Section 203 (f) of the Senate amendment contained an amendment to section 202 (a) of the Act of February 28, 1925 (39 U. S. C. 283). This amendment reaffirms, in effect, that provision of law which requires the payment of second-class mail advertising rates on advertisements which are inserted in and attached permanently to a publication.

"The amendment proposed by section 203 (f) of the Senate amendment is consistent with the amendment proposed by section 203 (e) of the Senate amendment, which proposed to remove from existing law the requirement that a publication " * * * must be formed of printed paper sheets * * *" in order to gain admission to the second-class mail privilege.

"In conformity with existing law, the Post Office Department has held consistently that there could not be included in publications admitted to the second-class mail privilege those advertisements which, in effect, did not consist of printed paper sheets—that is, advertisements printed upon and consisting of foil laminates and similar materials,

which (although in sheet form) are not 'printed paper sheets' and, in many instances, constitute actual samples of the product advertised.

"There is an increasing use of foil laminates and other material not constituting 'printed paper sheets' for advertisement purposes. The proposed elimination from the law by sections 203 (e) and 203 (f) of the Senate amendment of the requirement that the second-class mail publication sheets be of paper will permit the Post Office Department to revise its rulings in this area in keeping with existing circumstances and conditions and modern practices.

"The House bill contained no provision comparable to section 203 (f) of the Senate amendment.

"Conference substitute: Publishers' second-class mail. Section 204 (a) of the conference substitute adopts the provisions of section 203 (a) of the Senate amendment, which provided three annual increases in the pound rates on publishers' second-class mail, except that the conference substitute provides that the three annual increases in such pound rates will become effective on January 1, 1959, January 1, 1960, and January 1, 1961, respectively, instead of July 1, 1958, July 1, 1959, and July 1, 1960, as provided by the Senate amendment.

"Minimum charge per piece on individually addressed copies of second-class mail publications mailed by publishers and news agents. Section 204 (b) of the conference substitute is similar, in general, to section 203 (c) of the Senate amendment, which provided three annual increases (instead of a single increase as provided by the House bill) in the minimum charge per piece on individually addressed copies of second-class mail publications mailed by publishers and news agents. However, the conference substitute provides that the three annual increases in such minimum charge per piece will become effective on January 1, 1959, January 1, 1960, and January 1, 1961, respectively, instead of July 1, 1958, July 1, 1959, and July 1, 1960, as provided by the Senate amendment.

"The conference substitute, like the House bill and the Senate amendment, exempts from any such increase in such minimum charge per piece the copies of publications mailed for delivery within the county of mailing.

"In addition, the conference substitute, in a manner identical to the manner provided by section 104 (b) of the House bill, provides that in no case shall the postage on each individually addressed copy of a publication mailed by certain types of nonprofit organizations, or on certain publications of a religious, educational, or scientific nature designed for instruction purposes, be less than the existing minimum charge per piece of one-eighth of 1 cent. The immediately preceding provision with respect to certain publications mailed by certain nonprofit organizations and certain publications for instruction purposes is adopted by the conference substitute in lieu of those provisions contained in section 203 (b) of the Senate amendment, which provided, in part, for certain percentage reductions in the regular minimum rate applicable to such organizations and publications and which is eliminated from the conference substitute.

"Transient second-class mail. Section 204 (c) of the conference substitute adopts the provisions of section 203 (d) of the Senate amendment, which proposed a rate increase for publications having second-class entry mailed by others than the publishers or authorized news agents or mailed as sample copies in excess of the 10 percent allowance at the publishers' rate, from the present rate of 2 cents for the first 2 ounces and 1 cent for each additional 2 ounces or fraction thereof to 2 cents for the first 2 ounces and

1 cent for each additional ounce or fraction thereof.

"The effective date of the rate prescribed by section 204 (c) of the conference substitute is the first day of the first month which begins at least 40 days after the date of enactment of the conference substitute in lieu of the effective date of July 1, 1958, provided by the Senate amendment.

"Admission to second-class mail category of publications with board, cloth, leather, and other substantial bindings. Section 204 (d) of the conference substitute has the same purpose and effect as section 203 (e) of the Senate amendment (discussed above), which makes the second-class mailing privilege available to publications having substantial bindings. The House bill contained no such provision.

"Section 204 (d) of the conference substitute, like section 203 (e) of the Senate amendment, is effective on the date of enactment.

"Application of second-class mail rates to advertising portions of publications entered as second-class matter. Section 204 (e) of the conference substitute adopts the provisions of section 203 (f) of the Senate amendment (discussed above), which reaffirms certain existing law which requires the payment of second-class mail advertising rates on advertisements inserted in and attached permanently to a publication. The House bill contained no such provisions.

"Section 204 (e) of the conference substitute, like section 203 (f) of the Senate amendment, is effective on the date of enactment.

"Elimination of House provision for special 'break-even' publishers' and news agents' rates. The conference substitute, like the Senate amendment, does not contain any provision similar to section 104 (d) of the House bill (discussed above), which provided for special 'break-even' publishers' and news agents' rates.

"Elimination of Senate provision establishing regular pound and minimum rates less specified percentages for publications of certain nonprofit organizations and certain educational publications. The conference substitute, like the House bill, does not contain any provision similar to section 203 (b) of the Senate amendment (discussed above), which established the regular second-class mail pound and minimum rates reduced by certain specified percentages for publications of certain nonprofit organizations and certain educational publications.

"5. Controlled Circulation Publications

"Controlled circulation publications are publications which contain 24 pages or more, are issued at regular intervals of four or more times a year, have 25 percent or more of their pages devoted to text or reading matter and not more than 75 percent devoted to advertising, and are circulated free or mainly free.

"House bill and Senate amendment: Section 105 of the House bill and section 203 (g) of the Senate amendment amend section 203 of the Postal Rate Revision and Federal Employees Salary Act of 1948 (62 Stat. 1262; 39 U. S. C. 291b) in which the Congress established a special uniform rate of 10 cents a pound or fraction thereof (regardless of the weight of the individual issue) computed on the entire bulk mailed at one time, but subject to a minimum rate of 1 cent per piece.

"The Postmaster General, with the concurrence of the Interstate Commerce Commission, increased the rate on controlled circulation publications weighing over eight ounces from 10 cents to 11 cents a pound or fraction thereof (291 I. C. C. 148; Docket 31074, 'Increased Parcel Post Rates,' 1953), thus distorting the uniform rate for such publications established by the Congress in the Postal Rate Revision and Federal Employees Salary Act of 1948. Both the House

bill and the Senate amendment would correct this situation by establishing a uniform rate of 12 cents a pound or fraction thereof (regardless of the weight of the individual issue), subject to the existing minimum rate of 1 cent per piece, and by providing that the rates thus established for these publications '* * * shall remain in effect until otherwise provided by the Congress * * *.'

"Conference substitute: Section 204 (f) of the conference substitute contains the same provisions as the House bill and the Senate amendment with respect to controlled circulation publications, except that the effective date of the rates of postage provided by such section 204 (f) is the first day of the first month which begins at least 40 days after the date of enactment of the conference substitute.

"6. Third-Class Mail

"Third-class mail, which now has a limit of weight of 8 ounces, includes circulars, miscellaneous printed matter, merchandise, books and catalogs of 24 pages or more, seeds, cuttings, bulbs, roots, scions, plants, and other matter not in the first-class mail or second-class mail categories and weighing 8 ounces or less.

"House bill: Circulars, merchandise, miscellaneous printed matter, and other third-class matter generally (except books and catalogs of 24 pages or more, seeds, cuttings, bulbs, roots, scions, and plants, and matter mailed in bulk). Section 106 of the House bill proposed an increase in the individual rate per piece on third-class mail matter generally from 2 cents for the first 2 ounces or fraction thereof and 1 cent for each additional ounce or fraction thereof (up to and including 8 ounces in weight) to 3 cents for the first 2 ounces or fraction thereof and 1½ cents for each additional ounce or fraction thereof (up to and including 8 ounces in weight). This increase was not applicable to books and catalogs of 24 pages or more, seeds, cuttings, bulbs, roots, scions, and plants, and matter mailed in bulk.

"Books and catalogs of 24 pages or more, seeds, cuttings, bulbs, roots, scions, and plants. Section 106 of the House bill also proposed an increase in the individual rate per piece on books and catalogs of 24 pages or more, seeds, cuttings, bulbs, roots, scions, and plants, from 2 cents for the first 2 ounces or fraction thereof and 1½ cents for each additional 2 ounces or fraction thereof (up to and including 8 ounces in weight) to 3 cents for the first 2 ounces or fraction thereof and 1 cent for each additional ounce or fraction thereof (up to and including 8 ounces in weight).

"Increase in third-class bulk mail permit fee. The third-class bulk mail privilege or so-called "bulk mailing service", as authorized by section 3 of the Act of October 30, 1951 (65 Stat. 673; 39 U. S. C. 290a-1), involves the acceptance and transmission in the mails, upon payment of a fee of \$10.00 for each calendar year or portion thereof and in accordance with certain regulations of the Postmaster General, of separately addressed identical pieces of third-class mail matter in quantities of not less than 20 pounds or of not less than 200 pieces, subject to the pound rates of postage applicable to the entire bulk mailed at one time.

"Section 106 of the House bill proposed an increase in such annual bulk mail permit fee from \$10.00 to \$20.00.

"Increase in third-class bulk mail rates generally (except books and catalogs of 24 pages or more, seeds, cuttings, bulbs, roots, scions, and plants). Section 106 of the House bill also proposed an increase in the present rates on third-class bulk mail matter generally from 14 cents a pound or fraction thereof (with a minimum charge per piece of 1½ cents) to 16 cents a pound or fraction thereof (with a minimum charge per piece of 2½ cents). This increase did not apply to books and catalogs of 24 pages or

more, seeds, cuttings, bulbs, roots, scions, and plants.

"Increase in third-class bulk mail rates on books and catalogs of 24 pages or more, seeds, cuttings, bulbs, roots, scions, and plants. Section 106 of the House bill also proposed an increase in the present third-class bulk mail rates on books and catalogs of 24 pages or more, seeds, cuttings, bulbs, roots, scions, and plants from 10 cents a pound or fraction thereof (with a minimum charge per piece of 1½ cents) to 12 cents a pound or fraction thereof (with a minimum charge per piece of 2½ cents).

"Increase in minimum charge for odd-size pieces of third-class mail. Section 106 of the House bill also proposed an increase from 3 cents to 5 cents in the minimum charge on each odd-size piece of third-class mail—that is, a piece or package of such size or form as to prevent ready facing and tying in bundles and requiring individual distributing.

"Senate amendment: Increase in postage rate and maximum weight limitation on third-class mail matter generally. Section 204 of the Senate amendment proposed an increase in the individual rate per piece and the maximum weight limitation on third-class mail matter generally from 2 cents for the first 2 ounces or fraction thereof and 1 cent for each additional ounce or fraction thereof up to and including 8 ounces in weight, to 3 cents for the first 2 ounces or fraction thereof and 1½ cents for each additional ounce or fraction thereof, up to but not including 16 ounces in weight. These increases would have applied to third-class mail matter generally, such as circulars, miscellaneous printed matter, merchandise, books and catalogs of 24 pages or more, seeds, cuttings, bulbs, roots, scions, and plants, but not to matter mailed in bulk.

"In effect, this provision of section 204 of the Senate amendment provided a uniform piece rate on single mailings for all third-class mail and changed the maximum weight limitation for third-class mail from "over 8 ounces" up to but not including 16 ounces.

"Increase in third-class bulk mail permit fee. Section 204 of the Senate amendment contained a provision (identical to a corresponding provision of section 106 of the House bill) which proposed an increase in the annual third-class bulk mail permit fee from \$10.00 to \$20.00.

"Increase in third-class bulk mail rates generally (except books and catalogs of 24 pages or more, seeds, cuttings, bulbs, roots, scions, and plants). Section 204 of the Senate amendment proposed an increase in the existing rates on third-class bulk mail matter generally from 14 cents a pound or fraction thereof, with a minimum charge per piece of 1½ cents, to 16 cents a pound or fraction thereof, with a minimum charge per piece of 2 cents for the period beginning on July 1, 1958, and ending on June 30, 1959, and a minimum charge per piece of 2½ cents, effective on and after July 1, 1959. This increase did not apply to books and catalogs of 24 pages or more, seeds, cuttings, bulbs, roots, scions, and plants.

"Increase in the third-class bulk mail minimum charge per piece on books and catalogs of 24 pages or more, seeds, cuttings, bulbs, roots, scions, and plants. Section 204 of the Senate amendment also proposed an increase in the existing third-class bulk mail minimum charge per piece on books and catalogs of 24 pages or more, seeds, cuttings, bulbs, roots, scions, and plants from 1½ cents to 2 cents for the period beginning on July 1, 1958, and ending on June 30, 1959, and 2½ cents, effective on and after July 1, 1959.

"Increase in minimum charge for odd-size pieces of third-class mail. Section 204 of the Senate amendment also proposed an increase from 3 cents to 6 cents in the minimum charge on each odd-size piece of third-class mail.

"Application of increased regular third-class mail rates to third-class mail matter of nonprofit organizations or associations, with 50 percent reduction in minimum charge per piece on bulk mail matter of such organizations or associations. Section 204 of the Senate amendment also made the regular third-class mail rates (as increased by section 204) applicable to the third-class matter mailed by nonprofit religious, educational, scientific, philanthropic, agricultural, labor, veterans' or fraternal organizations or associations. Section 204 also provided that the minimum charge per piece on the bulk mail matter of each such organization or association would be 50 percent of the regular minimum charge.

"The House bill made no change in the existing third-class mail rates with respect to such organizations and associations.

"Conference substitute: Increase in postage rate and maximum weight limitation on third-class mail matter generally. Section 205 (1) of the conference substitute, which adopts the provisions of section 204 (1) of the Senate amendment (discussed above), makes two significant changes with respect to postal rates on third-class mail matter.

"First, section 205 (1) of the conference substitute provides a uniform individual rate per piece on all third-class mail matter (except bulk mail matter), thus eliminating from existing law a separate individual per piece rate on books and catalogs of 24 pages or more, seeds, cuttings, roots, bulbs, scions, and plants.

"Second, such section 205 (1) increases the maximum weight limitation for third-class mail from "up to and including eight ounces" to "up to but not including 16 ounces".

"This increase in individual rate per piece and in maximum weight limitation is from 2 cents for the first 2 ounces or fraction thereof and 1 cent for each additional ounce or fraction thereof, up to and including 8 ounces in weight, to 3 cents for the first 2 ounces or fraction thereof and 1½ cents for each additional ounce or fraction thereof, up to but not including 16 ounces in weight. The increase provided by section 205 (1) of the conference substitute applies to individual pieces of third-class mail generally, such as circulars, miscellaneous printed matter, merchandise, books and catalogs of 24 pages or more, seeds, cuttings, bulbs, roots, scions, and plants.

"Section 106 (1) of the House bill (discussed above) proposed an increase in the third-class mail individual rate per piece similar to the increase provided by the conference substitute, with two principal differences, as follows:

"First, section 106 (1) of the House bill proposed no change in maximum weight limitation for third-class mail.

"Second, such section 106 (1) proposed to retain a separate individual rate per piece on books and catalogs of 24 pages or more, seeds, cuttings, bulbs, roots, scions, and plants by providing for an increase in the existing separate per piece rate for the foregoing items from 2 cents for the first 2 ounces or fraction thereof and 1½ cents for each additional 2 ounces or fraction thereof (up to and including 8 ounces in weight) to 3 cents for the first 2 ounces or fraction thereof and 1 cent for each additional ounce or fraction thereof (up to and including 8 ounces in weight).

"The effective date of the rate adjustment provided by section 205 (1) of the conference substitute is the first day of the first month which begins at least 40 days after the date of enactment, in lieu of the effective dates of October 1, 1957, as provided by the House bill, and July 1, 1958, as provided by the Senate amendment.

"Increase in third-class bulk mail permit fee. Section 205 (2) of the conference sub-

stitute contains provisions identical to section 106 (2) of the House bill and section 204 (2) of the Senate amendment, both of which propose an increase in the third-class bulk mail permit fee from \$10 to \$20. The effective date of this increase in the third-class bulk mail permit fee is January 1, 1959, as provided by the conference substitute and the Senate amendment, in lieu of the comparable effective date of January 1, 1958 (now obsolete) provided by the House bill.

"Increase in third-class bulk mail rates generally (except books and catalogs of 24 pages or more, seeds, cuttings, bulbs, roots, scions, and plants). Section 205 (3) of the conference substitute increases the existing rates on third-class bulk mail matter generally from 14 cents a pound or fraction thereof, with a minimum charge per piece of 1½ cents, to 16 cents a pound or fraction thereof, effective on and after January 1, 1959, with a minimum charge per piece of 2 cents for the period beginning on January 1, 1959, and ending on June 30, 1960, and a minimum charge per piece of 2½ cents, effective on and after July 1, 1960. These increases do not apply to books and catalogs of 24 pages or more, seeds, cuttings, bulbs, roots, scions, and plants.

"Section 205 (3) of the conference substitute is similar to section 106 (3) of the House bill and section 204 (3) of the Senate amendment, except that, under the House bill, the increase in minimum charge per piece to 2½ cents was to be made in one step, effective on and after October 1, 1957, and, under the Senate amendment, while the increase in minimum charge per piece was to be made in two steps, the first increase was to become effective on July 1, 1958, rather than January 1, 1959, and the second increase was to become effective on July 1, 1959, rather than July 1, 1960.

"Increase in third-class bulk mail minimum charge per piece on books and catalogs of 24 pages or more, seeds, cuttings, bulbs, roots, scions, and plants. Section 205 (3) (B) of the conference substitute increases the present third-class bulk mail minimum charge per piece on books and catalogs of 24 pages or more, seeds, cuttings, bulbs, roots, scions, and plants from 1½ cents to 2 cents for the period beginning on January 1, 1959, and ending on June 30, 1960, and 2½ cents, effective on and after July 1, 1960.

"This minimum charge per piece increase made by section 205 (3) (B) of the conference substitute is similar to the comparable increase provided by section 106 (3) (B) of the House bill and section 204 (3) (B) of the Senate amendment, except that, under the House bill, the increase in minimum charge per piece to 2½ cents was to be made in one step, effective on and after October 1, 1957, and, under the Senate amendment, while the increase in minimum charge per piece was to be made in two steps, the first increase was to become effective on July 1, 1958, rather than January 1, 1959, and the second increase was to become effective on July 1, 1959, rather than July 1, 1960.

"Elimination of House provision increasing third-class bulk mail pound rate on books and catalogs of 24 pages or more, seeds, cuttings, bulbs, roots, scions, and plants. Section 106 (3) (C) of the House bill proposed to increase the third-class bulk mail pound rate on books and catalogs of 24 pages or more, seeds, cuttings, bulbs, roots, scions, and plants from 10 cents a pound or fraction thereof to 12 cents a pound or fraction thereof.

"The conference substitute and the Senate amendment do not contain such provision.

"Increase in minimum charge for odd-size pieces of third-class mail. Section 205 (5) of the conference substitute, like section 204 (5) of the Senate amendment, increases from 3 cents to 6 cents the minimum charge on

each odd-size piece of third-class mail. This increase provided by the conference substitute becomes effective on the first day of the first month which begins at least 40 days after the date of enactment of the conference substitute.

"Section 106 (5) of the House bill proposed to increase such minimum charge to 5 cents, effective on October 1, 1957.

"Application of increased regular third-class mail rates to third-class mail matter of nonprofit organizations or associations, with 50 percent reduction in minimum charge per piece on bulk mail matter of such organizations and associations. Section 205 (6) of the conference substitute makes the regular third-class mail rates, as increased by section 205, applicable on and after January 1, 1959, to the third-class matter mailed by nonprofit religious, educational, scientific, philanthropic, agricultural, labor, veterans', or fraternal organizations and associations, except that the minimum charge per piece on the bulk mail matter of each such organization or association will be 50 percent of the regular minimum charge. Section 204 (6) of the Senate amendment contained a similar provision except that the effective date was July 1, 1958. The House bill contained no such provision.

"7. Fourth-class Mail

"Fourth-class mail, which now has a limit of weight of over 8 ounces to 70 pounds, in general includes merchandise, printed matter, and other mailable matter, which is not within the purview of any of the other classes of mail.

"House bill: Increase in the regular fourth-class mail preferential book rate and enlargement of categories of items eligible for such book rate. Section 107 of the House bill proposed an increase from 8 cents for the first pound or fraction thereof and 4 cents for each additional pound or fraction thereof to 10 cents for the first pound or fraction thereof and 5 cents for each additional pound or fraction thereof in the existing fourth-class mail postage rates for books generally.

"These fourth-class mail book rates are now applicable, however, only to those books which are permanently bound for preservation and consist wholly of reading matter or of reading matter with incidental blank spaces for students' notation and contain no advertising matter other than incidental announcements of books. These rates also now apply to sixteen-millimeter films and sixteen-millimeter film catalogs when sent through the mails except when sent to commercial theaters.

"Section 107 proposed to enlarge the category of books eligible for this book rate, as increased by the House bill, by making specific reference to books consisting of 'scholarly bibliography.' Also, section 107 would enlarge the category of other items now eligible for the book rate so as to include, in addition to the sixteen-millimeter films and film catalogs, (A) printed music in bound form or sheet form, (B) certain types of printed objective test materials and accessories thereto used by or in behalf of educational institutions, and (C) manuscripts for books, periodical articles, and music.

"Extension of existing fourth-class mail library book rate. Section 107 of the House bill also proposed an extension of the so-called fourth-class library book rate.

"Section 204 (e) of the Postal Rate Revision and Federal Employees Salary Act of 1948 (39 U. S. C. 292a (e)) now provides the rate of 4 cents for the first pound or fraction thereof and 1 cent for each additional pound or fraction thereof for books, consisting wholly of reading matter and containing no advertising matter other than incidental announcements of books, when sent by public libraries and nonprofit organizations or associations for certain library purposes and also when returned to such libraries, organiza-

tions, and associations. This rate is the so-called 'library book rate.' The library book rate also now applies to sixteen-millimeter films, filmstrips, projected transparencies and slides, microfilms, sound recordings, and catalogs of such materials when sent to or from (A) schools, colleges, universities, or public libraries and (B) nonprofit religious, educational, scientific, philanthropic, agricultural, labor, veterans', and fraternal organizations or associations.

"Although section 107 of the House bill did not propose any increase in the library book rate, such section did propose an extension of such rate in three ways.

"First, section 107 proposed an enlargement of the category of items eligible for the library book rate to include (A) books consisting of 'scholarly bibliography or reading matter with incidental blank spaces for students' notations,' (B) printed music in bound form or sheet form, (C) bound volumes of academic theses in typewritten or other duplicated form, (D) bound volumes of periodicals, and (E) other library materials in printed, duplicated, or photographic form in the form of unpublished manuscripts.

"Second, section 107 proposed the extension of the library book rate (now applicable to eligible items sent to and from public libraries and nonprofit organizations or associations) to such items sent to and from schools, colleges, and universities and to nonprofit public libraries and nonprofit organizations and associations of the type listed above.

"Third, section 107 changed existing law, which now limits the application of the library book rate to mailings addressed for local delivery, or for delivery in the first, second, or third postal zone or in the State of mailing, so as to permit the application of the library book rate regardless of the postal zone of delivery.

"Senate amendment: Increase in minimum weight limitation for fourth-class mail. Section 205 (a) of the Senate amendment proposed an increase in the minimum weight limitation for fourth-class mail from 'over eight ounces' to sixteen ounces. This increase in the fourth-class mail minimum weight limitation conformed to the increase made by section 204 of the Senate amendment in the maximum weight limitation for third-class mail.

"In connection with the increase in the minimum weight limitation for fourth-class mail proposed by section 205 (a) of the Senate amendment, it may be noted that section 205 (c) of the Senate amendment proposed other conforming changes in existing law in order to reflect the increase in such minimum weight limitation.

"The House bill contained no such changes in the weight limitations for third-class mail and fourth-class mail.

"Enlargement of categories of items eligible for the regular fourth-class mail preferential book rate. Section 205 (b) of the Senate amendment proposed an enlargement of the categories of items now eligible for the regular fourth-class mail preferential book rate. These existing items are set forth above in connection with the discussion of the proposed enlargement by section 107 of the House bill of the eligibility of such items for the regular fourth-class mail preferential book rate, that is, books permanently bound and consisting of reading matter, etc., and certain sixteen-millimeter films and film catalogs.

"Section 205 (b) of the Senate amendment broadened this category of eligible items to include the same additional items as those proposed by section 107 of the House bill. In addition, section 205 (b) proposed the extension of the book rate to phonographic recordings.

"However, section 205 (b) did not contain a proposal (similar to that contained in the House bill) for an increase in the regular fourth-class mail preferential book rate.

"Extension of fourth-class mail library book rate. Section 205 (b) of the Senate amendment also contained a proposal to extend the fourth-class mail library book rate. This proposal was the same as the proposal contained in section 107 of the House bill (discussed above), except that, in addition, the Senate amendment proposed the extension of the library book rate to phonographic recordings.

"Conference substitute: Increase in minimum weight limitation for fourth-class mail. Sections 206 (a) and 206 (c) of the conference substitute adopt the provisions of section 205 (a) and section 205 (c) of the Senate amendment, which, in effect, increase the minimum weight limitation for fourth-class mail from "over eight ounces" to 16 ounces. The effective date of these provisions of the conference substitute is the first day of the first month which begins at least 40 days after the date of enactment of the conference substitute. The House bill contained no such provisions.

"Increase in the regular fourth-class mail preferential book rate and enlargement of categories of items eligible for such book rate. Section 206 (b) of the conference substitute increases from 8 cents for the first pound or fraction thereof and 4 cents for each additional pound or fraction thereof to 9 cents for the first pound or fraction thereof and 5 cents for each additional pound or fraction thereof the existing fourth-class mail postage rates for books generally. Section 107 of the House bill provided a comparable increase from 8 cents and 4 cents to 10 cents and 5 cents in the regular fourth-class mail preferential book rate. The Senate amendment contained no such increase.

"Section 206 (b) of the conference substitute also adopts those provisions of section 107 of the House bill and section 205 (b) of the Senate amendment which enlarge the category of books eligible for the regular book rate by including books consisting of "scholarly bibliography" and which enlarge the category of other items eligible for the regular book rate. These items are set forth in the discussion of section 107 of the House bill. In addition, section 206 (b) of the conference substitute extends the regular book rate to phonographic recordings, as provided in section 205 (b) of the Senate amendment.

"The effective date of the regular book rate provisions of section 206 (b) of the conference substitute is the first day of the first month which begins at least 40 days after the date of enactment of the conference substitute in lieu of October 1, 1957, as provided by the House bill, and July 1, 1958, as provided by the Senate amendment.

"Extension of fourth-class library book rate. Section 206 (b) of the conference substitute adopts the provisions of both section 107 of the House bill and section 205 (b) of the Senate amendment with respect to the extension of the fourth-class library book rate. This extension of the library book rate is discussed above in detail in connection with section 107 of the House bill. In addition, the conference substitute adopts the provisions of the Senate amendment which extend the library book rate to phonographic recordings.

"The effective date of library book rate provisions of section 206 (b) of the conference substitute is the first day of the first month which begins at least 40 days after the date of enactment of the conference substitute in lieu of October 1, 1957, as provided by the House bill, and July 1, 1958, as provided by the Senate amendment.

"8. Mail to and From Army and Fleet Post Offices

"Senate amendment: Section 206 of the Senate amendment pertained to mail sent to and from Army and Fleet Post Offices.

"Section 206 (a) would permit, effective July 1, 1958, the transmission in the mails free of postage, under regulations of the Postmaster General, of admissible first-class letter mail sent by any person having an Army Post Office or Fleet Post Office address.

"Section 206 (b) would permit, effective July 1, 1958, the transmission in the mails at applicable existing postal rates, under regulations of the Postmaster General, any airmail and any package subject to third- or fourth-class rates, sent by any person having an Army Post Office or Fleet Post Office address.

"Section 206 (a) and (b) would apply with respect to both military and civilian personnel having Army Post Office or Fleet Post Office addresses.

"House bill: The House bill contained no such provision.

"Conference substitute: The conference substitute eliminates the provisions of section 206 of the Senate amendment.

"9. Books for the Blind

"Senate amendment: Section 207 of the Senate amendment proposed to amend the Act of October 14, 1941 (55 Stat. 737, 63 Stat. 690; 39 U. S. C. 331), which now grants the free mailing privilege in the case of books and other reading matter for the blind, without advertising, when sent by public institutions for the blind and by public libraries to blind individuals and when returned by such individuals to such institutions or libraries. Section 207 proposed to extend this free mailing privilege, effective July 1, 1958, in the case of certain books printed or typed in raised characters, without advertising, when furnished free by any person to a blind individual.

"House bill: The House bill contained no such provision.

"Conference substitute: Section 207 of the conference substitute contains provisions identical to section 207 of the Senate amendment and is effective on and after July 1, 1958.

"10. Subscription Order, Bill, and Receipt Forms

"Senate amendment: Section 208 of the Senate amendment proposed to amend that part of the first sentence of the Act of January 20, 1888 (25 Stat. 1; 39 U. S. C. 249), which authorized publishers and news agents to enclose in their publications bills, receipts, and orders for subscriptions to such publications but which contained the requirement that such notices should be in such form as to convey no information other than the name, place of publication, subscription price, and amount due. Section 208 proposed to eliminate this requirement from the law.

"House bill: The House bill contained no such provision.

"Conference substitute: Section 208 of the conference substitute adopts the provisions of section 208 of the Senate amendment and is effective on and after July 1, 1958.

"11. Investigations and Study of Dimensional Categories for First- and Third-Class Mail Envelopes and of Impact of Third-Class Bulk Rate Increases

"Senate amendment: Section 209 of the Senate amendment proposed an investigation and study by the Postmaster General of dimensional categories for first- and third-class mail envelopes.

"Section 209 (a) authorized and directed the Postmaster General to conduct a thorough investigation and study of the feasibility and desirability of—

"(1) establishing, by regulation of the Postmaster General, such number of categories (but not less than two categories) of specified standard length and width dimensions for those envelopes which are to be used for the transmission of first-class and third-class mail, as the Postmaster General may determine to be necessary or desirable to increase the efficient handling of the mail, and

"(2) establishing an additional charge on any such first-class or third-class mail matter which is transmitted in an envelope which does not conform to the standard dimensions so prescribed for envelopes.

"Section 209 (b) required that the Postmaster General submit to the Senate and House of Representatives, on or before February 1, 1959, a report on the results of his investigation and study under section 209 (a), together with his recommendations (including recommendations for any necessary legislation).

"House bill: The House bill contained no provisions comparable to section 209 of the Senate amendment.

"However, the report of the Committee on Post Office and Civil Service of the House which accompanied H. R. 5836, Eighty-fifth Congress (House Report No. 524, Eighty-fifth Congress, first session, page 30), discloses that the House committee has requested an investigation and study by the Postmaster General of dimensional categories for letter mail and certain third-class mail; and that the House committee was informed by the Post Office Department that a report with respect to such dimensional categories would be submitted by the Department to the Congress.

"Conference substitute: Section 210 of the conference substitute contains the provisions of section 209 of the Senate amendment, relating to dimensional categories for envelopes. Section 210 of the conference substitute in effect carries out both the policy of section 209 of the Senate amendment and the intent of the Committee on Post Office and Civil Service of the House as disclosed by the House Report on H. R. 5836.

"The conference substitute also contains a provision (sec. 209) requiring the Secretary of Commerce and the Administrator of the Small Business Administration to undertake independent studies to ascertain the effect on small business enterprises, on users of the mails, and on the national economy generally of the increases in third-class bulk mailing pound rates on circulars and merchandise and the third-class bulk mailing minimum piece charge, provided by section 205 (3) of the conference agreement. Each of the above agencies would be required to submit to the Congress on or before March 1, 1960, a report of its study together with such recommendations as it may consider necessary and appropriate.

"12. Determination of Class of Post Office and Compensation of Postmaster and Certain Employees

"House bill: Section 108 of the House bill provided, in effect, that the determination of classes of post offices, and the determination of the compensation and allowances of postmasters and other employees whose compensation or allowances are based on the gross annual receipts of their respective post offices, shall be made on the basis of 82 percent of the gross postal receipts of their respective post offices accruing on or after October 1, 1957. Section 108 also contained a provision designed to protect a post office from the possibility of being relegated to a lower class or receipts category in certain cases.

"The purpose of section 108 of the House bill was to maintain, to the extent appropriate, the present classes of post offices, and to avoid disturbance of existing compensation relationships among postmasters and employees whose salaries or allowances are

based in whole or in part on postal receipts. The 82 percent adjustment factor would have applied equally to all classes of post offices. Any possible adverse effects of applying this adjustment to offices where the receipts were not affected by rate increases to the extent anticipated would have been prevented by the savings provision.

"Senate amendment: Section 210 of the Senate amendment provided, in effect, that no part of the gross postal receipts of any post office (which receipts are determined in accordance with estimates of the Postmaster General to be attributable to the increases in postage rates provided by the Senate amendment) shall be counted for the purpose of determining the classes of post offices and the compensation and allowances of postmasters and other employees whose compensations or allowances are based on the gross annual receipts of such post offices. Under this language, the Postmaster General would have been authorized to establish the adjustment factor or factors to be applied to all offices or to classes of offices. Section 210 also contained a savings provision (similar in principle to the comparable provision of section 108 of the House bill) the purpose of which was to protect a post office from relegation to a lower class or receipts category where, because of variations in revenue sources, increased postal rates did not yield increases in gross postal receipts comparable to the estimated average increase.

"Conference substitute: Section 108 of the House bill and section 210 of the Senate amendment both provided, in effect, that the increased revenues derived from the postal rate increases proposed by the House and the Senate, respectively, shall be excluded in determining the compensation and allowances of postmasters and other employees and in determining the classes of post offices. Existing law provides for such determinations on the basis of 100 percent of gross postal receipts. The House bill prescribed a basis of 82 percent of gross postal receipts for the making of such determinations. The Senate amendment required that such determinations be made in accordance with estimates of the Postmaster General.

"Section 211 of the conference substitute, which becomes effective on the date of enactment, adopts the provisions of section 210 of the Senate amendment.

"13. Repeal of Existing Law

"House bill: Retirement contributions of Post Office Department. Section 109 of the House bill proposed the repeal of an existing provision of section 4 (a) of the Civil Service Retirement Act (70 Stat. 747; 5 U. S. C. 2254 (a)) which reads as follows: "Amounts contributed under this subsection from appropriations of the Post Office Department shall not be considered as costs of providing postal service for the purpose of establishing postal rates."

"In effect, the proposed repeal of this provision would remove from the law a provision which excludes civil service retirement contributions by the Post Office Department from consideration as postal costs in the establishment of postal rates.

"In addition, in order to clarify the intent and effect of such repeal, section 109 contained an affirmative statement to the effect that the amounts contributed by the Post Office Department to the civil service retirement and disability fund in compliance with section 4 (a) of the Civil Service Retirement Act shall be considered as costs of providing postal service for the purpose of establishing postal rates.

"Section 109 was to be effective as of the effective date of the Civil Service Retirement Act Amendments of 1956—that is, as of October 1, 1956.

"The House bill did not contain an express repeal of any other provisions of law relating to postal rates.

"Senate amendment: Retirement contributions of Post Office Department. Section 213 of the Senate amendment contained, among other provisions, a provision identical to section 109 of the House bill (civil service retirement contributions of Post Office Department). However, the effective date of the Senate provision was to be July 1, 1958, rather than October 1, 1956.

"Other provisions of law: Section 213 of the Senate amendment proposed the repeal of four additional provisions of law (relating to postal rates) which are either obsolete or are affected by other rate provisions of the Senate amendment.

"First, section 213 would repeal the Act of June 9, 1930 (39 U. S. C. 793), which requires annual certification by the Postmaster General to the Secretary of the Treasury and to the Comptroller General of the United States of the estimated amount of the loss incurred by the postal service on free or reduced rate mailings. This requirement (now in part obsolete) is made wholly unnecessary by procedures contained in both the Senate amendment and the House bill.

"Second, section 213 would repeal paragraph (4) of section 202 (a) of the Act of February 28, 1925 (45 Stat. 941; 39 U. S. C. 283 (4)). This paragraph (4), which is now obsolete, provides a graduated scale of rates for second-class publications based on the number of individually addressed copies to the pound. No corresponding repeal is contained in the House bill.

"Third, section 213 would repeal section 202 (b) of the Act of February 28, 1925 (43 Stat. 1066; 39 U. S. C. 283 (b)), which section 202 (b) makes the editorial rate on second-class publications applicable to advertising in any single issue in which the advertising portion does not exceed 5 percent of the entire content. This repeal would be necessary in order to make the conforming changes in the law which are made necessary by reason of the change in second-class mail rates proposed by the Senate amendment.

"Fourth, section 213 would repeal section 204 of the act of February 28, 1925 (43 Stat. 1067; 39 U. S. C. 288). This repeal (not contained in the House bill) would eliminate a special postage rate which applies to any one edition or issue of a publication weighing not in excess of 1 pound and mailed to any one zone.

"Conference substitute: Retirement contributions of Post Office Department. Section 214 (b) of the conference substitute, relating to retirement contributions of the Post Office Department, is identical with section 109 of the House bill and section 213 (5) of the Senate amendment. However, the effective date provided by the conference substitute is October 1, 1956, the same as that provided by the House bill, rather than July 1, 1958, the date provided by the Senate amendment.

"Repeal of other provisions of law. Section 214 (a) of the conference substitute adopts the provisions of paragraphs (1) to (4), inclusive, of section 213 (a) of the Senate amendment which would repeal certain specified provisions of law. These provisions are set forth above in the discussion of section 213 of the Senate amendment.

"14. Automatic Salary Step Increases for Postal Field Service Employees

"Senate amendment: Section 211 of the Senate amendment proposed two changes (to be effective on the date of enactment) in section 401 of the Postal Field Service Compensation Act of 1955 (69 Stat. 122; 39 U. S. C. 981). Such section 401 relates to automatic advancement by step increases for postal field service employees.

"First, section 211 (a) of the Senate amendment proposed to eliminate the provision in subsection (a) of such section 401, which at present excludes, from the general provision pertaining to periodic advancement to the maximum step of the salary level of the employee based on each fifty-two weeks of satisfactory service, those employees whose positions are allocated to salary levels above salary level PFS-9 in the Postal Field Service Schedule.

"Second, section 211 (b) of the Senate amendment proposed the repeal of subsection (b) of such section 401, which provides for salary step increases up to and including step 4 of the salary level concerned, based on each fifty-two calendar weeks of satisfactory service, for those employees whose positions are allocated to salary level PFS-10 or a higher salary level of the Postal Field Service Schedule, and for advancement of such employees to steps higher than step 4 (but excluding longevity steps) of the salary level concerned on the basis of superior performance of the employee under regulations issued by the Postmaster General. The provisions of subsection (b) of such section 401 apply primarily to those postmasters, supervisors, and other managerial personnel of the postal field service who are in the higher salary levels of the Postal Field Service Schedule.

"The overall effect of these changes proposed by the Senate amendment in such section 401 is (A) the repeal of the existing requirement that step increases or advancements in salary level PFS-10 or a higher salary level of the Postal Field Service Schedule will be granted only under regulations of the Postmaster General on the basis of the superior performance of the employee concerned, and (B) the establishment of a new requirement that all step increases or advancements under such section 401 be automatic irrespective (except as provided by subsection (c) of such section 401) of the salary step or salary level concerned.

"The changes in such section 401 proposed by section 211 of the Senate amendment require the advancement of each employee in salary level PFS-10 or higher to that step of his salary level which he would have attained except for the limitations contained in section 401 which would be eliminated from that section by section 211 of the Senate amendment.

"In addition, these changes in such section 401 require the advancement, on the date of enactment of the conference substitute, of an employee of one step for each 52 weeks of satisfactory service standing to the credit of the employee since the date of his last automatic advancement (excluding advancement on the basis of superior performance) or equivalent increase in basic salary. No retroactive compensation or salary will be payable by reason of the enactment of section 211 of the conference substitute.

"The following example illustrates the application and operation of the changes proposed by section 211 of the Senate amendment in section 401 of the Postal Field Service Compensation Act of 1955.

"Employee X who was within the purview of subsection (b) of such section 401 by reason of the allocation of his position to salary level PFS-10 and who was in step 4 of such salary level became eligible for consideration for advancement to step 5 of such level on January 12, 1957, but was denied such advancement under the regulations of the Postmaster General concerning superior performance. However, he was granted such advancement to step 5 of such salary level six months later, on July 13, 1957, under such regulations, because of his superior performance in the interim period.

"As a result of the changes in section 401 proposed by the Senate amendment, employee X would receive an automatic advancement to step 6 of such salary level (if the conditions of service are met and if no

equivalent increase was received after January 12, 1957), on the date of enactment of the Senate amendment. Such employee then would receive an automatic advancement to step 7 of such salary level on January 10, 1959, if the conditions of service are met and if no equivalent increase was received after January 11, 1958.

"House bill: The House bill contained no provisions similar to section 211 of the Senate amendment.

"Conference substitute: Section 212 of the conference substitute adopts the provisions of section 211 of the Senate amendment.

"15. Reformation of Certain Matters Pertaining to Fourth-class Mail; Conditions Precedent to Withdrawal From General Fund of Treasury

"House bill: Conditions precedent to withdrawal from general fund of Treasury. An existing provision of chapter IV of the Supplemental Appropriation Act, 1951 (64 Stat. 1050; 31 U. S. C. 695), prohibits the withdrawal (whenever fourth-class mail costs exceed fourth-class mail revenues) from the general fund of the Treasury of funds appropriated to the Post Office Department until the Postmaster General has certified that he has requested the consent of the Interstate Commerce Commission to the establishment of such rate increases or other reformations as will insure the receipt of fourth-class mail revenue sufficient to pay the cost of fourth-class mail service.

"Section 110 of the House bill proposed to amend this provision of law so as to require, in effect, that the Postmaster General shall petition the Interstate Commerce Commission for such fourth-class mail rate increases and other reformations as may be necessary to insure that the fourth-class mail revenues will not exceed the fourth-class mail costs by more than 1 percent and that the fourth-class mail costs will not exceed the fourth-class mail revenues by more than 1 percent.

"The purpose of the amendment proposed by section 110 of the House bill is to facilitate and assist the operation and administration of the established policy of the Congress that fourth-class mail pay its own way.

"The House bill contained no amendment (similar to that contained in section 212 (a) of the Senate amendment) to section 207 (b) of the Act of February 28, 1925 (45 Stat. 942; 39 U. S. C. 247), relating to reformation of matters pertaining to fourth-class mail.

"Senate amendment: Conditions precedent to withdrawal from general fund of Treasury. Section 212 (b) of the Senate amendment proposed an amendment comparable to that proposed by section 110 of the House bill. The Senate amendment, however, required that the Postmaster General shall certify that he has requested the consent of the Interstate Commerce Commission to the establishment of such fourth-class mail rate increases or other reformations as may be necessary to insure that the cost of fourth-class mail service will not exceed by

more than 8 percent the revenues from such service.

"Reformation of certain matters pertaining to fourth-class mail. Section 212 (a) of the Senate amendment proposed an amendment to section 207 (b) of the Act of February 28, 1925 (45 Stat. 942; 39 U. S. C. 247). Such section 207 (b) provides that, if the Postmaster General finds that the classification of mail matter, the weight limits, the zone or zones, or other conditions of mailability pertaining to fourth-class mail are such as to prevent the shipment of desirable articles or to render permanently the cost of the fourth-class mail service greater than the revenue from such service, he is directed, subject to the consent of the Interstate Commerce Commission after investigation, to reform such classifications, weight limits, zone or zones, or conditions in order to promote the service or to insure the receipt of revenue from fourth-class mail service adequate to pay the cost of such service.

"Existing law, therefore, directs that the Postmaster General seek an increase in fourth-class mail rates if he finds that fourth-class mail costs will exceed fourth-class mail revenues permanently by any amount.

"Under the amendment proposed by section 212 (a) of the Senate amendment the Postmaster General is required to seek an increase in fourth-class mail rates if he finds that fourth-class mail costs will exceed fourth-class mail revenues permanently by more than 8 percent.

"The Senate amendment did not establish any specific authority in the law for the Postmaster General to seek an increase in fourth-class mail rates unless and until he finds that fourth-class mail costs will exceed fourth-class mail revenues by more than 8 percent. However, the explanation of the Senate provision contained on page 12 of Senate Report No. 1321, Eighty-fifth Congress, second session, indicated that there was no legislative intent to preclude the Postmaster General from seeking a fourth-class mail rate revision on his own initiative if he finds that fourth-class mail costs will exceed fourth-class mail revenues permanently by less than 8 percent.

"Conference substitute: Section 213 of the conference substitute adopts the provisions of section 110 of the House bill, except that the variance of 1 percent provided by the House bill is changed to 4 percent in the conference substitute.

"16. Effective Dates for Postal Rate Provisions

"Section 111 of the House bill and section 214 of the Senate amendment contained the effective dates for the respective House and Senate postal rate and related provisions.

"Section 215 of the conference substitute contains the comparable effective dates agreed to in conference.

"These effective dates are set forth in the table below:

"Effective dates

	House bill	Senate amendment	Conference substitute
All rate adjustments (except as indicated below).....	Oct. 1, 1957	July 1, 1958.....	Aug. 1, 1958.
Second class publishers pound rates.....	Oct. 1, 1957, July 1, 1958, July 1, 1959, July 1, 1960.	July 1, 1958, July 1, 1959, July 1, 1960.	Jan. 1, 1959, Jan. 1, 1960, Jan. 1, 1961.
Second class minimum piece charge.....	Oct. 1, 1957.....	July 1, 1958, July 1, 1959, July 1, 1960.	Jan. 1, 1959, Jan. 1, 1960, Jan. 1, 1961.
Third-class individual piece rates.....	Oct. 1, 1957.....	July 1, 1958.....	Aug. 1, 1958.
Third-class pound rate, circulars and merchandise, etc.	Oct. 1, 1957.....	July 1, 1958.....	Jan. 1, 1959.
Third-class bulk mailing permit fee.....	Jan. 1, 1958.....	Jan. 1, 1959.....	Jan. 1, 1959.
Third-class bulk mailing minimum piece charge.....	Oct. 1, 1957.....	July 1, 1958, July 1, 1959.	Jan. 1, 1959, July 1, 1960.
Weight limitation, third and fourth class.....	Oct. 1, 1956.....	July 1, 1958.....	Aug. 1, 1958.
Repeal of retirement cost provision.....	Oct. 1, 1956.....	July 1, 1958.....	Oct. 1, 1956.
Repeal of exemption from advertising rates of publications having not more than 5 percent advertising content.....	Oct. 1, 1956.....	July 1, 1958.....	Jan. 1, 1959.
Repeal of other laws.....	Oct. 1, 1956.....	July 1, 1958.....	Jan. 1, 1959.
All other provisions.....	Date of enactment.....	July 1, 1958..... Date of enactment.....	Date of enactment. Do.

"Postal rate policy"

"Title II of the House bill and title I of the Senate amendment each set forth a postal rate policy to serve as a guide in the determination and adjustment of postal rates by the Congress.

"The postal rate policy provisions of the conference substitute are contained in title I of the conference substitute.

"1. Short Title"

"House bill: Section 201 of the House bill provided for title II of the House bill the short title 'Postal Rate Policy Act'.

"Senate amendment: Section 101 of the Senate amendment provided for title I of the Senate amendment the short title 'Postal Policy Act of 1958'.

"Conference substitute: The conference substitute adopts the Senate short title 'Postal Policy Act of 1958'.

"2. Findings"

"Section 202 of the House bill contained seven paragraphs which set forth certain findings of the Congress which would form the basis for the formal statement of postal rate policy in title II of the House bill. These findings related to the historical background, development, and expansion of the postal service, the contribution of the postal service to the public welfare and the national economy, the necessity of continuing those postal services which contribute to the public welfare, the manner of performing those services, and the necessity for a declaration of Congressional policy to serve as a basis for a sound and equitable postal-rate structure.

"Section 102 of the Senate amendment contained six paragraphs of the same general import as section 202 of the House bill.

"The Congressional findings set forth in these paragraphs of section 202 of the House bill and of section 102 of the Senate amendment, and the comparable provisions of the conference substitute, are discussed below.

"A. Purpose of creation of postal establishment.

"House bill, Senate amendment, conference substitute: Paragraph (1) of section 202 of the House bill, paragraph (1) of section 102 of the Senate amendment, and paragraph (1) of section 102 of the conference substitute each state that the postal establishment was created in order to (A) unite more closely the American people, (B) promote the general welfare, and (C) advance the national economy.

"B. Enlargement of postal establishment.

"House bill: Paragraph (2) of section 202 of the House bill stated that the postal establishment has been extended and enlarged through the years into a nationwide network of services and facilities for (A) the communication of intelligence, (B) the dissemination of information, (C) the advancement of education and culture, and (D) the distribution of articles of commerce and industry.

"Senate amendment: Paragraph (2) of section 102 of the Senate amendment is identical to paragraph (2) of section 202 of the House bill, but contains an additional sentence to the effect that the Congress has encouraged the use of postal services and facilities by providing reasonable and in many cases, special postal rates.

"Conference substitute: Paragraph (2) of section 102 of the conference substitute adopts the provisions of paragraph (2) of section 102 of the Senate amendment.

"C. Contribution of postal services to the development of the national economy.

"House bill, Senate amendment, conference substitute: Paragraph (3) of section 202 of the House bill, paragraph (3) of section 102 of the Senate amendment, and paragraph (3) of section 102 of the conference substitute each state that the development and expansion of the several elements of postal service, under the authorization of Congress, have been the impelling force in

the formation and development of many and varied business enterprises which contribute to the national economy and the public welfare and which depend upon the continued operation of these elements of postal service.

"D. Relationships among the several classes of mail; performance of certain postal functions on the basis of the national welfare.

"House bill: Paragraph (a) of section 202 of the House bill recognized that, in the operations of the postal establishment authorized by the Congress, there have developed certain relationships among the several classes of mail. These relationships, now recognized and accepted, have developed through the years in the public interest and as manifestations of public policy.

"In addition, paragraph (4) recognized that the postal establishment performs some functions in which the public interest outweighs the profit and loss factors which would be controlling if the postal establishment were operated solely as a business enterprise. This public interest factor in postal operations is apparent in the continued expansion of the postal service and in the authorization of the rendition of certain services and the provision of certain facilities at a calculated loss to the Federal Government.

"Senate amendment: Paragraph (4) of section 102 of the Senate amendment also recognized the existence of relationships among the several classes of mail.

"In addition, the Senate version stated that it is clear, from the continued expansion of the postal service and from the continued encouragement by the Congress of the most widespread use of the postal service, that the postal establishment performs many functions and offers its facilities to many users on a basis which can only be justified as being in the interest of the national welfare.

"Although paragraph (4) of section 102 of the Senate amendment contains different language than paragraph (4) of section 202 of the House bill, the import of the language in both House and Senate versions is similar.

"Conference substitute: Paragraph (4) of section 102 of the conference substitute adopts the provisions of paragraph (4) of section 102 of the Senate amendment.

"E. Expenses chargeable to mail users.

"House bill: Paragraph (5) of section 202 of the House bill stated that it would be an unfair burden on the mail users to compel them to underwrite those expenses incurred by the postal establishment which are not related to those postal services which such mail users receive. This statement was based on the premise that the postal service should be operated in a businesslike manner but clearly is not a commercial enterprise conducted for profit.

"Senate amendment: Paragraph (5) of section 102 of the Senate amendment stated that it would be an unfair burden on any particular mail user or class of mail users to compel them to bear the expenses incurred by reason of special rate considerations granted or facilities provided to other mail users or to underwrite those expenses incurred by the postal establishment for services of a nonpostal nature. This statement was based on the premise that, while the postal establishment, as all other Government agencies, should be operated in an efficient manner, it clearly is not a business enterprise conducted for profit or for raising general funds.

"Conference substitute: Paragraph (5) of section 102 of the conference substitute adopts the provisions of paragraph (5) of section 102 of the Senate amendment.

"F. Recognition of lack of firm policy statement with respect to identification of postal services.

"House bill: Paragraph (6) of section 202 of the House bill stated that, notwithstanding the need therefor, the Congress has not laid down a firm policy to identify and evaluate postal services rendered, in whole or in part, for the benefit of the general public or for the benefit of certain mail users.

"Senate amendment: The Senate amendment contained no such provision.

"Conference substitute: The conference substitute, like the Senate amendment, contains no provision similar to paragraph (6) of section 202 of the House bill.

"G. Need for declaration by the Congress of a postal rate policy.

"House bill: Paragraph (7) of section 202 of the House bill stated that the public interest and the increasing complexity of the social and economic fabric of the Nation require an immediate, clear, and affirmative declaration of Congressional policy for the creation and maintenance of a sound and equitable postal-rate structure which would assure efficient service, produce adequate postal revenues, and stand the test of time.

"Senate amendment: Paragraph (6) of section 102 of the Senate amendment, like paragraph (7) of section 202 of the House bill, declared an immediate need for a declaration of Congressional policy with respect to postal rates. However, unlike the House version, paragraph (6) of section 102 of the Senate amendment made specific reference to the public service activities of the postal establishment as the basis for the creation and maintenance of a sound and equitable postal-rate structure.

"Conference substitute: Paragraph (6) of section 102 of the conference substitute adopts the provisions of paragraph (6) of section 102 of the Senate amendment.

"3. Declaration of Policy"

"Section 203 of the House bill, section 103 of the Senate amendment, and section 103 of the conference substitute set forth the declaration of policy by the Congress with respect to the postal-rate structure and, in connection therewith, stated certain general principles, standards, and related requirements with respect to the determination and allocation of postal revenues and expenses and with respect to the adjustment of the postal-rate structure generally.

"A. Constitutional function of the Congress in forming postal policy; general statement of congressional policy.

"House bill: Subsections (a) and (b) of section 203 of the House bill related generally to the constitutional function of the Congress in forming postal policy.

"Subsection (a) of section 203 stated that the Congress hereby emphasizes, reaffirms, and restates its function under the Constitution of the United States of forming postal policy.

"Subsection (b) of section 203 set forth two main points of congressional policy with respect to the postal-rate structure, as follows:

"First, it is the policy of the Congress to provide a more stable basis for the postal-rate structure through the establishment of principles, standards, and related requirements with respect to the determination and allocation of postal revenues and expenses.

"Second, it is the policy of the Congress, in accordance with these principles, standards, and requirements, to provide a means for the adjustment of the postal-rate structure by action of the Congress, from time to time, as the public interest may require, in the light of periodic reviews of the postal-rate structure, periodic studies and surveys of expenses and revenues, and certain periodic reports and recommendations required to be made by the Postmaster General, on the basis of the cost ascertainment system of the Post Office Department.

"Senate amendment: Subsections (a) and (b) of section 103 of the Senate amendment

also related generally to the constitutional function of the Congress in forming postal policy, although the language of the Senate version is different from the language of the House version.

"Subsection (a) of section 103 of the Senate amendment declared, as a matter of policy, that in order to establish a more stable basis for the postal-rate structure through principles, standards, and related requirements similar to those referred to in the House version, the Congress hereby emphasizes, reaffirms, and restates its constitutional function of forming postal policy. However, the Senate version contained no reference to a cost ascertainment system.

"Subsection (b) of section 103 of the Senate amendment declared it to be the policy of the Congress that the post office is a public service.

"Conference substitute: Subsections (a) and (b) of section 103 of the conference substitute contain the same language as subsections (a) and (b) of section 203 of the House bill with the following changes:

"First, paragraph (1) of subsection (b) of section 103 of the conference substitute contains the provision of subsection (b) of section 103 of the Senate amendment to the effect that it is declared to be the policy of the Congress that the post office is a public service.

"Second, paragraph (2) of subsection (b) of section 103 of the conference substitute omits specific reference to the cost ascertainment system as a basis for the adjustment of the postal-rate structure.

"Third, such paragraph (2) also omits specific reference to recommendations of the Postmaster General.

"B. General principles, standards, and related requirements with respect to the determination and allocation of postal revenues and expenses.

"Subsection (c) of section 203 of the House bill and subsection (c) of section 103 of the Senate amendment each prescribe general principles, standards, and related requirements with respect to the determination and allocation of postal revenues and expenses. These principles, standards, and related requirements are divided into four categories, as follows:

"First, a specification of matters to be given due consideration in the determination and adjustment of the postal-rate structure.

"Second, a statement with respect to first-class mail.

"Third, a statement with respect to the assumption by the Federal Government of the cost of public service items.

"Fourth, a statement with respect to postal revenues and postal expenses in connection with the adjustment of postal rates.

"i. Specifications of matters to be given due consideration in the determination and adjustment of the postal-rate structure.

"House bill, Senate amendment, conference substitute: Paragraph (1) of subsection (c) of section 203 of the House bill, paragraph (1) of subsection (c) of section 103 of the Senate amendment, and paragraph (1) of subsection (c) of section 103 of the conference substitute are identical provisions which specify the matters to be given due consideration in the determination and adjustment of the postal-rate structure. These matters are as follows:

"(a) the promotion of social, cultural, intellectual, and commercial communications among the people of the United States of America;

"(b) the development and maintenance of a postal service which will serve the present and future needs of the people of the United States of America;

"(c) the promotion of adequate, economical, and efficient postal service at reasonable and equitable rates and fees;

"(d) the effect of postal services and the impact of postal rates and fees on users of the mails;

"(e) the requirements of the postal establishment with respect to the manner and form of preparation and presentation of mail matter by the users of the various classes of mail service;

"(f) the value of mail;

"(g) the value of time of delivery of mail; and

"(h) the quality and character of the service rendered in terms of priority, secrecy, security, speed of transmission, use of facilities and manpower, and other pertinent service factors.

"ii. Statement with respect to first-class mail.

"House bill: Paragraph (2) of subsection (c) of section 203 of the House bill provided, in effect, that the first-class mail service is a preferred service of the postal establishment, the postage rates for which should cover both its allocated costs and an additional amount representing the fair value of all extraordinary and preferential services, facilities, and factors relating thereto.

"Senate amendment: Paragraph (2) of subsection (c) of section 103 of the Senate amendment provided, in effect, that the first-class mail service is the primary function of the postal establishment, the costs of which shall be the expenses allocated to first-class mail plus the amount of the fair value of all extraordinary and preferential services, specially designed facilities, and other related factors.

"Conference substitute: Paragraph (2) of subsection (c) of section 103 of the conference substitute adopts the provision of paragraph (2) of subsection (c) of section 203 of the House bill.

"iii. Statement with respect to assumption by Federal Government of the cost of public service items.

"House bill, Senate amendment, conference substitute: Paragraph (3) of subsection (c) of section 203 of the House bill, paragraph (3) of subsection (c) of section 103 of the Senate amendment, and paragraph (3) of subsection (c) of section 103 of the conference substitute each provide that the sum of the public service items, provided by the postal establishment and as determined by the Congress, shall be assumed directly by the Federal Government, paid directly out of the general fund of the Treasury, and not be charged to any user or users of the mails in the form of rates and fees. The House bill, Senate amendment, and conference substitute each provide that nothing contained in the respective postal rate policy provisions of such versions should be construed as indicating any intention on the part of the Congress that any such public services should be limited or restricted or as indicating any Congressional intent to derogate in any way from the need or desirability of such services in the public interest.

"iv. Statement with respect to postal revenues and postal expenses in connection with the adjustment of postal rates.

"House bill: Paragraph (4) of subsection (c) of section 203 of the House bill provided that postal rates should be adjusted from time to time so that the total amount of postal revenues (including appropriations for public service items) shall more nearly equal total expenses (including expenses for public service items), as determined on the basis of the cost ascertainment system of the Post Office Department.

"Senate amendment: Paragraph (4) of subsection (c) of section 103 of the Senate amendment provided that postal rates and fees shall be adjusted from time to time so that the total amount of all postal revenues (excluding appropriations for public service items) shall be approximately equal to the total amount of the nonpublic service expenses of the postal establishment.

"Conference substitute: Paragraph (4) of subsection (c) of section 103 of the confer-

ence substitute provides that postal rates and fees shall be adjusted from time to time as may be required to produce that amount of revenue which is approximately equal to the total cost of operating the postal establishment minus that amount which is deemed to be attributable to the performance of the public service items enumerated under subsection (b) of section 104 of the conference substitute, relating to authorization of certain appropriations to reimburse the Post Office Department on account of public services of the Department.

"4. Identification of and Appropriations for Public Services

"Section 104 of the Senate amendment contained provisions which identified certain services of the postal service as public service items which are to be financed by the Federal Government and for which the Post Office Department is to be reimbursed by certain appropriations each fiscal year to cover the costs of such items.

"The House bill contained no such identification of public service items but section 204 thereof did contain a provision authorizing appropriations to cover the costs of public service items generally.

"Identification of public services

"Senate amendment: Subsection (a) of section 104 of the Senate amendment identifies those public service items the sum of which is to be assumed directly by the Federal Government and paid out of the general fund of the Treasury.

"Paragraph (1) of such subsection (a) identifies as public services the total loss resulting from the transmission in the mails free of postage or at reduced rates of postage of certain matter under certain provisions of law which are specified in such paragraph. Those provisions of law are referred to in detail in the discussion of a similar provision identifying public service items which is contained in the conference substitute.

"Paragraphs (2) to (8), inclusive, of such subsection (a) describe as items of public service certain categories of losses and costs in the mail service. These losses and costs are described in general terms and without reference to specific provisions of law, as follows:

"In paragraph (2), the loss resulting from the operation of such public welfare postal services as the star route system, rural free delivery, and third- and fourth-class post offices.

"In paragraph (3), the loss incurred in performing nonpostal services, such as the sale of documentary stamps for the Department of the Treasury.

"In paragraph (4), the loss incurred in performing special services, such as cash on delivery, insured mail, special delivery, and money orders.

"In paragraph (5), the cost of the free handling of registered mail for the post office and other Federal agencies.

"In paragraph (6), the cost of transportation subsidies borne by the postal establishment in compliance with or resulting from the nonenforcement of Federal statutes.

"In paragraph (7), the additional cost of transporting United States mail by foreign air carriers at a Universal Postal Union rate in excess of the rate prescribed for United States carriers.

"In paragraph (8), other services provided in the interests of the public welfare, the costs of which exceed revenues therefrom.

"House bill: The House bill contained no identification of public service items similar to subsection (a) of section 104 of the Senate amendment.

"Conference substitute: Subsection (a) of section 104 of the conference substitute contains an identification of public service items which is similar to the public serv-

ice identification provisions contained in subsection (a) of section 104 of the Senate amendment, except for the following changes:

"First, paragraph (1) of subsection (a) of section 104 of the conference substitute identifies as public services the total loss resulting from the transmission in the mails free of postage or at reduced rates of postage of certain matter under the following provisions of law:

"(a) section 202 (a) (3) of the Act of February 28, 1925 (39 U. S. C. 283 (a) (3)), relating to reduced postage rates on newspapers or periodicals of certain nonprofit organizations;

"(b) sections 5 and 6 of the Act of March 3, 1877 (39 U. S. C. 321), relating to official mail matter of the Pan American Union sent free through the mails;

"(c) section 25 of the Act of March 3, 1879, as amended (39 U. S. C. 286), and section 2 (b) of the Act of October 30, 1951 (39 U. S. C. 289a (b)), relating to free-in-county mailing privileges;

"(d) certain provisions of law as contained in the Act of October 14, 1941 (55 Stat. 737; Public Law 270, Seventy-seventh Congress) and as amended by the Act of September 7, 1949 (63 Stat. 690), relating to free postage and reduced postage rates on reading matter and other articles for the blind (39 U. S. C. 331);

"(e) the Act of February 14, 1929 (39 U. S. C. 336), granting free mailing privileges to the diplomatic corps of the countries of the Pan American Postal Union;

"(f) the Act of April 15, 1937 (39 U. S. C. 293c), granting reduced rates to publications for use of the blind;

"(g) the Act of June 29, 1940 (39 U. S. C. 321-1), granting free mailing privileges to the Pan American Sanitary Bureau;

"(h) the act of May 7, 1945 (59 Stat. 707), and other provisions of law granting free mailing privileges to individuals;

"(i) the second and third provisions of section 2 (a) of the Act of October 30, 1951 (65 Stat. 672; 39 U. S. C. 289a (a)), granting reduced second-class postage rates to publications of certain nonprofit organizations;

"(j) the last proviso of section 3 of the Act of October 30, 1951 (65 Stat. 673; 39 U. S. C. 290a-1), granting reduced third-class postage rates to certain organizations;

"(k) section 302 of The Federal Voting Assistance Act of 1955 (5 U. S. C. 2192), granting free postage, including free airmail postage, to post cards, ballots, voting instructions, and envelopes transmitted in the mails under authority of such Act; and

"(l) section 204 (d) and (e) of the Postal Rate Revision and Federal Employees Salary Act of 1948, as amended (39 U. S. C. 292a (d) and (e)), including the amendment made by section 206 of the conference substitute.

"The provisions of law above referred to are the same as those referred to in the comparable provision of the Senate amendment. All changes made by the conference substitute with respect to such provisions of law are of a technical and clarifying nature only.

"Second, paragraph (2) of subsection (a) of section 104 of the conference substitute describes as an item of public service the loss resulting from the operation of such prime and necessary public services as the star route system and third- and fourth-class post offices. The language of such paragraph (2) differs from the language of paragraph (2) of section 104 (a) of the Senate amendment in two respects:

"(1) the reference in the Senate amendment to 'public welfare postal services' is changed in the conference substitute to 'prime and necessary public services'; and

"(2) the conference substitute eliminates the reference in the Senate amendment to rural free delivery.

"In connection with this elimination of the reference to rural free delivery the following statement should be noted.

"The conference substitute eliminates from section 104 (a) (2) the language, contained in the Senate amendment, which would exclude losses on rural routes from postal costs for postal rate purposes. The determination to exclude the loss on rural routes from section 104 (a) (2) of the conference substitute was based upon a decision of the committee of conference that this matter be passed over as an unresolved issue, without prejudice to further legislative consideration and action with respect to the exclusion of the loss on rural routes from postal costs for postal rate purposes by reason of such loss constituting a public service. This determination by the committee of conference was made in order not to delay further a final agreement on the remaining differences between the House bill and the Senate amendment.

"In addition, the committee of conference emphasizes that, in accordance with the declaration of policy contained in section 103 (c) (3) (B) of the conference substitute, neither the elimination by section 104 (a) (2) of the conference substitute of the reference to rural free delivery nor any other provision of the conference substitute has the effect of authorizing or requiring the elimination, consolidation, or discontinuance of any rural route, any star route, or any third-class or fourth-class post office. The committee of conference emphasizes further that it is not intended to preclude the making of appropriations for any such route or post office on either a public service or postal expense basis.

"Third, section 104 (a) of the conference substitute eliminates paragraphs (5), (6), and (8) of section 104 (a) of the Senate amendment, discussed above in connection with section 104 (a) of the Senate amendment.

"Appropriations for public services

"House bill: Section 204 of the House bill authorized appropriations to postal revenues each fiscal year in an amount equal to the sum of the public service items of the postal service, which items were not specifically identified in the House bill.

"Senate amendment: Subsection (b) of section 104 of the Senate amendment authorized appropriations to postal revenues each fiscal year of an amount equal to the total estimated expenditures of the Post Office Department for such fiscal year for the public service items specifically identified in subsection (a) of section 104 of the Senate amendment. Such expenditures were to be determined by the Congress in the particular appropriation Act based on budget estimates submitted to the Congress. These appropriations were to be paid into postal revenues to reimburse the Post Office Department for the cost of such public service items.

"Conference substitute: Subsection (b) of section 104 of the conference substitute is the same as subsection (b) of section 104 of the Senate amendment.

"5. Elimination of Reference to Cost Ascertainment System

"House bill: Section 205 of the House bill in effect reaffirmed and required the utilization of the cost ascertainment system of the Post Office Department as the basis for the determination of revenues and expenses and the making of allocations and apportionments with respect to revenues and expenses, in connection with the operation of the postal rate policy provisions.

"Subsection (a) of such section 205 provided that, for the purposes of title II of the House bill, revenues, and expenses shall be determined and ascertained, and each allocation and apportionment with respect thereto shall be made, upon the basis of the cost ascertainment system of the Post Office

Department, to the extent not otherwise indicated in title II.

"Subsection (b) of such section 205 contained a savings provision to the effect that nothing contained in title II of the House bill shall be construed to affect the cost ascertainment system or any authority, power, duty, or procedure of the Postmaster General or of the postal establishment generally, except to the extent necessary to carry out the purposes of title II.

"Senate amendment: The Senate amendment contained no provision similar to section 205 of the House bill reaffirming the cost ascertainment system of the Post Office Department as the basis for the determination of revenues and expenses and the making of allocations and apportionments with respect thereto.

"Conference substitute: The conference substitute, like the Senate amendment, contains no provision similar to section 205 of the House bill with respect to the cost ascertainment system.

"6. Reports of Postmaster General

"Section 206 of the House bill and section 105 of the Senate amendment contained comparable but not identical provisions requiring the Postmaster General to initiate and conduct reviews, studies, and surveys with respect to the need for the adjustment of postal rates and fees, in accordance with the respective postal rate policy provisions of the House bill and the Senate amendment, and to submit reports of the results of the reviews, studies, and surveys to the Senate and House of Representatives.

"House bill: Subsection (a) of section 206 of the House bill required the Postmaster General to initiate and conduct (from time to time or on a continuing basis, as he may determine, but at least every two years) a review of the postal-rate structure and a study and survey of the revenues received and expenses incurred in connection with the several classes of mail and the various classes and kinds of services and facilities provided by the postal establishment. The purpose of the review, study, and survey, which were required to be conducted through the facilities of the postal establishment, was to determine the need for adjustment of postal rates and fees in accordance with the postal-rate policy provisions of the House bill.

"Subsection (b) of such section 206 required that the Postmaster General submit to the Senate and House of Representatives not later than April 15 of each alternate fiscal year, beginning with the fiscal year ending June 30, 1959, a report of the results of each such review, study, and survey. It was also required that such report include—

"(A) such information with respect to expenses and revenues as is pertinent to the allocation of expenses and the determination and adjustment of postal rates and fees in accordance with the postal-rate policy provisions of the House bill,

"(B) other information required by the Congress, or by an appropriate committee of the Congress, to carry out the postal-rate policy provisions of the House bill, and

"(C) such recommendations as the Postmaster General may deem appropriate.

"Senate amendment: Subsections (a) and (b) of section 105 of the Senate amendment contained provisions which are the same as the provisions of subsections (a) and (b) of section 206 of the House bill, except for the following differences:

"First, the Senate amendment required that the report of the Postmaster General be submitted not later than April 15 of each alternate fiscal year, beginning with the fiscal year ending June 30, 1960, in lieu of the fiscal year ending June 30, 1959, as provided by the House bill.

"Second, the Senate amendment omits specific reference to the inclusion in the

report of recommendations of the Postmaster General while the House bill provides specifically for the inclusion in such report of those recommendations which the Postmaster General deems appropriate.

"Conference substitute: Section 105 of the conference substitute is the same as section 105 of the Senate amendment. However, the elimination from this provision of the conference substitute of specific reference to recommendations is not intended to preclude the Postmaster General from including in his report such recommendations as he deems appropriate.

"7. Congressional Action Prerequisite to Adjustments in Postage Rates and Fees

"House bill: Section 207 of the House bill provided that, except as otherwise provided by law, nothing contained in title II of the House bill shall be construed to authorize any change, adjustment, or revision with respect to any postal rate or fee, except by further action of the Congress.

"In effect, section 207 of the House bill reemphasized the exclusive authority of the Congress to establish and adjust postal rates.

"Senate amendment: The Senate amendment contained no specific provision comparable to section 207 of the House bill.

"Conference substitute: The conference substitute does not contain any provision similar to section 207 of the House bill.

"However, the elimination of such provision from the conference substitute is not intended to create any inference that the Congress is abdicating its exclusive authority to establish and adjust postal rates and fees in accordance with law.

"8. Elimination of Definitions

"House bill: Subsection (a) of section 208 of the House bill defined the terms 'cost ascertainment system', 'revenues', 'costs', and 'adjusted revenues' for the purposes of the postal rate policy provisions of the House bill.

"Paragraph (1) of such subsection (a) defined 'cost ascertainment system' as the cost ascertainment system (including the principles and standards thereof) utilized by the Post Office Department for the ascertainment and allocation of expenses and revenues of the postal service, as in effect from time to time, to the extent consistent with the postal rate policy provisions of the House bill.

"Paragraph (2) of such subsection (a) ascribed to the two terms 'revenues' and 'costs' the same meaning as when used in the Cost Ascertainment Report of the Post Office Department, whether applied to the total postal operation or to the respective mail classes and services. Also, the terms 'costs' and 'expenses' were declared to be synonymous.

"Paragraph (3) of such subsection (a) defined 'adjusted revenues', whether applied to the total postal operation or to the respective mail classes and services, as the revenues increased by sums authorized to be appropriated under title II of the House bill to the Post Office Department for public service items.

"Subsection (b) of section 208 of the House bill provided that any reference contained in title II of the House bill or in any law or regulation in connection with such title II to any of the several classes of mail and services shall have the same meaning as when used the Cost Ascertainment Report of the Post Office Department, except that first-class mail shall include domestic air mail other than air parcel post.

"Senate amendment: The Senate amendment contained no provisions which defined terms used in the postal policy provisions of the Senate amendment.

"Conference substitute: The conference substitute, like the Senate amendment, contains no definitions for postal policy purposes.

"9. No Requirement of Downward Adjustment in Existing Fourth-Class Mail Rates"

"Section 106 of the conference substitute provides that the provisions of title II of the conference substitute shall not require any downward adjustment in the rates of postage on fourth-class mail existing on the date of enactment of the conference substitute.

"Section 106 of the conference substitute is not intended to create any inference that a downward adjustment may not be made in the future in the rates of postage on fourth-class mail.

"Postal modernization fund

"Senate amendment: Section 301 of the Senate amendment established a trust fund in the Treasury of the United States, to be known as the Postal Modernization Fund.

"Section 302 of the Senate amendment provided that there shall be paid into the fund out of the receipts of postage on first-class mail the sum of \$175,000,000 for three fiscal years, beginning with the fiscal year ending June 30, 1959, and ending with the fiscal year June 30, 1961.

"Section 303 of the Senate amendment provided that the moneys in the fund, including interest on investments, would be available until expended, subject to appropriation by the Congress, for obligation by the Postmaster General for conducting research (directly or through private organizations) and for developing, acquiring, and placing into operation improved equipment and facilities for the performance of the postal function.

"Section 304 of the Senate amendment related to the management of the fund.

"Subsection (a) of such section imposed upon the Secretary of the Treasury the duty of holding the fund and of reporting annually to the Congress on its condition.

"Subsection (b) of such section imposed upon the Secretary of the Treasury the duty of investing such portion of the fund as was not, in his judgment and after consultation with the Postmaster General, required to meet current withdrawals. The investments authorized were interest bearing obligations of the United States or obligations guaranteed by the United States as to both principal and interest.

"Section 305 of the Senate amendment required the Postmaster General to include in his annual report to the President a detailed report with respect to the Postal Modernization Fund and activities relating thereto.

"House bill: The House bill contained no provisions relating to a Postal Modernization Fund.

"Conference substitute: Title III of the conference substitute adopts the provisions of the Senate amendment except that the conference agreement eliminates the provisions under which specified amounts of the proceeds of postage on first-class mail would be paid into the Fund, and instead authorizes the appropriation to the Fund, for each of the next three fiscal years, of such amounts as the Congress may determine to be necessary to carry out the purposes for which the Fund is established.

"Increases in compensation of postal employees

"Title IV of the Senate amendment provided for increases in the rates of basic salary of postal field service employees and set forth the operation, coverage, and effective dates of such increases. Title IV also proposed to amend the Postal Field Service Compensation Act of 1955 (Public Law 68, Eighty-fourth Congress; 39 U. S. C. 951-1038), by striking out the existing Postal Field Service Schedule, Rural Carrier Schedule, and Fourth-Class Office Schedule and inserting corresponding new schedules which

provided generally higher rates of basic salary.

"These new schedules also provided additional salary rates identified by the term 'temporary rate' in all levels of the Rural Carrier Schedule and the Fourth-Class Office Schedule, and in the first seven levels of the Postal Field Service Schedule. The Senate amendment provided that the temporary rate would be in effect, in lieu of the regular scheduled rate, for the period beginning on the effective date of the Senate amendment and ending three years after such effective date.

"The House bill contained no provisions for adjusting the basic salaries of postal field service employees.

"1. Postal Field Service Schedule

"Basic salary is paid in accordance with the Postal Field Service Schedule to all employees in the postal field service except postmasters in post offices of the fourth class and carriers in the rural delivery service. The Postal Field Service Schedule has 20 salary levels. Each of the first 18 levels has seven step rates. Level 19 has 5 step rates. Level 20 has a single rate.

"Senate amendment: Section 401 (a) of the Senate amendment provided for a permanent increase in compensation for all employees under the Postal Field Service Schedule (except those employees in salary level PFS-20) plus a temporary (three-year) cost of living adjustment for employees in the first seven salary levels of the Postal Field Service Schedule.

"The permanent increase would have amounted to an upward adjustment of 7.5 percent in the existing rates of basic salary at the entrance step of all salary levels (except salary level PFS-20) of the Postal Field Service Schedule and an upward adjustment of 7.5 percent at the maximum step of the first fourteen salary levels. The amounts of the step increments in each salary level through salary level PFS-14 would have been increased consistently with the permanent increase of 7.5 percent in the rates of basic salary in those salary levels. There would have been no increase in the existing step increment of \$300 in salary levels PFS-15 through PFS-19 and no increase of any kind in salary level PFS-20. The amount of permanent increase at the maximum steps in the higher salary levels would have been 6.2 percent at the maximum step of salary level PFS-15, 6.4 percent at the maximum steps of salary levels PFS-16 and PFS-17, 6.5 percent at the maximum step of salary level PFS-18, and 4.6 percent at the maximum step of salary level PFS-19. The number of steps in salary level PFS-19 would have been reduced from 5 steps to 4 steps. The maximum step of salary level PFS-19 would have been fixed at \$100 per annum less than the per annum rate of \$16,000 for salary level PFS-20.

"The temporary or three-year cost of living adjustment would have added \$240 per annum to the new permanent rates of basic salary for employees in each of the first five salary levels, \$160 per annum for employees in salary level PFS-6, and \$80 per annum for employees in salary level PFS-7.

"In terms of percentage, the aggregate increase would have ranged from 15.8 percent in step 1 of salary level PFS-1 to 4.6 percent in the maximum step of salary level PFS-19, with no increase in salary level PFS-20.

"House bill: The House bill contained no provisions similar to section 401 (a) of the Senate amendment.

"Conference substitute: Section 401 (a) of the conference substitute amends subsection 301 (a) of the Postal Field Service Compensation Act of 1955 by striking out the Postal Field Service Schedule and inserting a new Postal Field Service Schedule

which provides (1) the permanent rates of basic salary which were set forth in the Senate amendment, (2) temporary rates of basic salary in salary levels PFS-1 to PFS-6, inclusive, amounting to 2.5 percent above such permanent rates in such salary levels, and (3) temporary rates of basic salary in salary level PFS-7 amounting to 1.5 percent above such permanent rates in such salary level.

"The new Postal Field Service Schedule provides the following ranges of total increase:

"Level:

1.....	\$290-\$380
2.....	315- 405
3.....	340- 430
4.....	375- 465
5.....	395- 485
6.....	430- 520
7.....	415- 475
8.....	365- 455
9.....	395- 485
10.....	435- 525
11.....	480- 570
12.....	525- 645
13.....	580- 700
14.....	640- 760
15.....	700- 700
16.....	775- 775
17.....	855- 855
18.....	960- 960
19.....	1,000- 700
20.....	0

"2. Rural Carrier Schedule

"Basic salary is paid to all carriers in the rural delivery service in accordance with the Rural Carrier Schedule. The Rural Carrier Schedule is based in part on fixed compensation per annum and in part on specified rates per mile per annum. The Rural Carrier Schedule contains seven steps.

"Senate amendment: Section 401 (b) of the Senate amendment provided for a permanent increase of approximately 7.5 percent for the rural carrier on a 42-mile route. This increase would have corresponded to the permanent increase for the city carrier with whom the rural carrier on the 42-mile route traditionally is aligned.

"The Senate amendment would have granted a permanent increase of varying amounts other than the 7.5 percent for rural carriers on routes of other mileage because the proposed new Rural Carrier Schedule provided for an upward adjustment only in the fixed compensation per annum and without change in the existing specified rates per mile per annum.

"For example, the permanent increase would have been 14.1 percent at step 1 of the 6-mile route, 10.6 percent at step 1 of the 16-mile route, 8.6 percent at step 1 of the 25-mile route, 7.8 percent at step 1 of the 30-mile route, 6.6 percent at step 1 of the 60-mile route, 6.1 percent at step 1 of the 75-mile route, and 5.2 percent at step 1 of the 110-mile route.

"The temporary or three-year cost of living adjustment would have been provided with respect to all routes by adding \$240 per annum to the permanent increase in each step. This method would have produced the following results with respect to the combined permanent and temporary percentage increase: a total increase of 13.6 percent at step 1 of the 42-mile route, 26.3 percent at step 1 of the 6-mile route, 19.8 percent at step 1 of the 16-mile route, 16.1 percent at step 1 of the 25-mile route, 14.8 percent at step 1 of the 30-mile route, 12.3 percent at step 1 of the 60-mile route, 11.4 percent at step 1 of the 75-mile route, and 9.8 percent at step 1 of the 110-mile route.

"House bill: The House bill contained no provisions similar to section 401 (b) of the Senate amendment.

"Conference substitute: Section 401 (b) of the conference substitute amends subsection 302 (a) of the Postal Field Service Com-

pensation Act of 1955 by striking out the Rural Carrier Schedule and inserting a new Rural Carrier Schedule which provides (1) the permanent rates of basic salary which were set forth in the Senate amendment, and (2) temporary rates of "fixed compensation per annum" which exceed the existing rates of fixed compensation by the same amounts as the temporary rates in the corresponding steps of salary level PFS-4 in the Postal Field Service Schedule exceed the existing rates in such steps of such salary level.

"The resulting schedule, while producing a wide range of percentage increases throughout the Rural Carrier Schedule, provides a percentage increase in step 7 for the rural carrier on the 42-mile route which is equivalent to the percentage increase for a city carrier in step 7 of salary level PFS-4. This relationship reflects the traditional alignment between city letter carriers and rural carriers on the 42-mile route.

"3. Maximum Compensation for Rural Carriers on Heavy Duty Routes

"Section 302 (c) of the Postal Field Service Compensation Act of 1955 (69 Stat. 119; 39 U. S. C. 972 (c)) now provides that the Postmaster General may pay such additional compensation as he may determine to be fair and reasonable in each individual case to rural carriers serving heavily patronized routes not exceeding 61 miles in length, but that he may not pay additional compensation to a carrier serving such a route in an amount which would exceed \$4,700, when added to the basic salary for the maximum step in the Rural Carrier Schedule for his route.

"Senate amendment: Subsection 401 (c) of the Senate amendment proposed to increase from \$4,700 to \$5,035 (and to \$5,275 during the period for which the temporary cost-of-living adjustment would have been in effect) the maximum total compensation which may be paid to rural carriers who receive additional compensation for serving heavily patronized routes.

"In terms of permanent salary rates, the existing maximum compensation payable to such rural carriers would have been increased by 7.1 percent.

"In terms of temporary rates, the existing maximum compensation payable to such rural carriers would have been increased by 12.2 percent.

"House bill: The House bill contained no provisions similar to subsection 401 (c) of the Senate amendment.

"Conference substitute: Section 401 (c) of the conference substitute adopts the permanent rate contained in the Senate amendment and establishes a temporary rate which exceeds the existing \$4,700 maximum combined compensation by \$465, to correspond with the amount by which the temporary rate of fixed compensation for rural carriers in step 7 is increased over the existing rate of fixed compensation for such rural carriers.

"4. Fourth-Class Office Schedule

"Basic salary is paid in accordance with the Fourth-Class Office Schedule to all postmasters in post offices of the fourth class, based on the gross postal receipts as contained in returns of the post office for the calendar year immediately preceding. The Fourth-Class Office Schedule has 8 categories of gross receipts, with a range of 7 per annum rates and steps for each category.

"Senate amendment: Subsection 401 (d) of the Senate amendment provided for a permanent 7.5-percent increase in basic salary for all employees compensated under the Fourth-Class Office Schedule and a temporary or three-year cost of living adjustment of an additional 5 percent. The total increase provided for by such section 401 (d) would have been 12.5 percent above the existing rates in the Fourth-Class Office Schedule.

"House bill: The House bill contained no provisions similar to section 401 (d) of the Senate amendment.

"Conference substitute: Section 401 (d) of the conference substitute amends subsection 303 (a) of the Postal Field Service Compensation Act of 1955 by striking out the Fourth-Class Office Schedule and inserting a new Fourth-Class Office Schedule which (1) adopts the permanent rates of basic salary contained in the Senate amendment, with certain downward modifications to ensure uniform increases between steps in the various categories of gross receipts, and (2) provides temporary rates which incorporate additional increases averaging 2.5 percent above such permanent rates.

"5. Duration of Temporary Rates

"Senate amendment: Section 401 (e) of the Senate amendment proposed the addition of a new subsection (c) to section 304 of the Postal Field Service Compensation Act of 1955 (69 Stat. 121; 39 U. S. C. 974). The new subsection (c) provided that the temporary per annum rates, wherever provided by a basic salary schedule contained in title III of the Postal Field Service Compensation Act of 1955, would be in effect, in lieu of the regular scheduled rate, for the period beginning on the effective date of the new subsection (c) and ending three years after such effective date.

"House bill: The House bill contained no provisions similar to section 401 (e) of the Senate amendment.

"Conference substitute: Section 401 (e) of the conference substitute adopts the provisions of section 401 (e) of the Senate amendment, except that the conference substitute provides that the temporary period will end on the last day of the last pay period which begins not more than three years after the effective date of title IV of the conference substitute—that is, the first day of the first pay period which began on or after January 1, 1958.

"6. Increases in the 'Saved Rates' of Certain Postal Field Service Employees

"Section 504 of the Postal Field Service Compensation Act of 1955 (69 Stat. 124; 39 U. S. C. 994) provided protection for certain postal field service employees against reduction of their former rates of compensation by reason of the operation of the new postal field service classification and salary system provided by such Act.

"For some postal field service employees, the operation of such section 504 has resulted in the retention of salary rates which exceed the respective maximum scheduled rates of the respective salary levels of the Postal Field Service Schedule, the Rural Carrier Schedule, or the Fourth-Class Office Schedule, as the case may be, to which the positions of the employees concerned are allocated.

"Senate amendment: Section 402 (a) of the Senate amendment provided that the annual rate of basic salary of any officer or employee whose existing basic salary, by reason of section 504 of the Postal Field Service Compensation Act of 1955, is at a rate between two scheduled rates, or above the highest scheduled rate in the applicable schedule of rates, would be increased by an amount equal to the amount of the increase made by title IV of the Senate amendment in the next lower rate in such schedule.

"Under such section 402 (a) an employee whose position is ranked in salary level PFS-6, but whose existing rate of basic salary is above the maximum scheduled rate of such salary level, would receive the same amount of increase as would be provided under the Senate amendment for the rate of step 7 of salary level PFS-6.

"Section 402 (b) of the Senate amendment ascribed to the term 'basic salary', as used in section 402, the same meaning as when used in the Postal Field Service Com-

pensation Act of 1955. Such section 402 (b) in effect made applicable with respect to the provisions of section 402 (a) the definition of 'basic salary' contained in section 101 (7) of the Postal Field Service Compensation Act of 1955 (69 Stat. 89; 39 U. S. C. 951 (7)), which provided that 'basic salary' means the rate of annual or hourly compensation specified by law, exclusive of overtime, night differential, and longevity compensation.

"House bill: The House bill contained no provisions similar to section 402 of the Senate amendment.

"Conference substitute: Section 402 (a) of the conference substitute adopts the provisions of section 402 (a) of the Senate amendment.

"7. Increases in Basic Salary Not 'Equivalent Increases'

"Senate amendment: Section 403 of the Senate amendment provided, in effect, that a basic salary increase under title IV of the Senate amendment shall not be considered to be an 'equivalent increase' in basic salary within the purview of section 401 (a) of the Postal Field Service Compensation Act of 1955 (69 Stat. 122; 39 U. S. C. 981 (a)).

"Section 401 (a) of such Act (which relates to automatic advancement by step-increases for postal field service employees) provides that a step-increase may be granted only if no 'equivalent increase' in basic salary from any cause was received during the period of service on the basis of which such step-increase otherwise would be granted.

"By providing that the basic salary increases under title IV of the Senate amendment shall not be considered to be 'equivalent increases' within the meaning of section 401 (a), section 403 of the Senate amendment makes it clear that the receipt of the basic salary increases proposed by title IV of the Senate amendment would not have the effect of depriving any employee of any regular periodic step-increase to which he otherwise would be entitled under any provision of section 401.

"House bill: The House bill contained no provisions similar to section 403 of the Senate amendment.

"Conference substitute: Section 403 of the conference substitute adopts the provisions of section 403 of the Senate amendment.

"8. Postal Employees of the Canal Zone Government

"Senate amendment: Section 404 of the Senate amendment proposed to authorize and direct the Governor of the Canal Zone to grant, retroactively effective as of January 1, 1958, to postal employees of the Canal Zone Government, increases in basic salary corresponding to the increases in basic salary provided by title IV of the Senate amendment for similar employees. Section 404 of the Senate amendment is in accordance with the policy contained in section 804 of the Postal Field Service Compensation Act of 1955 (69 Stat. 130; 39 U. S. C. 1034) which provides for the adoption of applicable provisions of such Act for postal employees of the Canal Zone Government.

"House bill: The House bill contained no provisions similar to section 404 of the Senate amendment.

"Conference substitute: Section 404 of the conference substitute adopts the provisions of section 404 of the Senate amendment.

"9. Applicability to Guam

"Senate amendment: Section 405 of the Senate amendment specifically provided that title IV of the Senate amendment (provisions relating to increases in basic salary for postal field service employees) shall have the same force and effect within Guam as within other possessions of the United States.

"House bill: The House bill contained no provisions similar to section 405 of the Senate amendment.

"Conference substitute: Section 405 of the conference substitute is the same as section

405 of the Senate amendment, except that section 405 of the conference substitute is made applicable to all of the provisions of the conference substitute.

"Section 25 (b) of the Organic Act of Guam (64 Stat. 391; Public Law 630, Eighty-first Congress) provides that—

"No law of the United States hereafter enacted shall have any force or effect within Guam unless specifically made applicable by Act of the Congress either by reference to Guam by name or by reference to 'possessions.'"

"Section 405 of the conference substitute is intended to remove any inference that all of the provisions of the conference substitute do not apply to Guam by providing specifically that the conference substitute will have the same force and effect within Guam as within other possessions of the United States.

"10. Classes of Individuals Entitled to Payment of Retroactive Compensation or Salary Increase

"Senate amendment: Section 406 of the Senate amendment provided that, except for postal field service employees who died or retired during the retroactive period, the payment of retroactive salary or compensation by reason of title IV of the Senate amendment would be made only in the case of individuals in the service of the United States (including service in the Armed Forces of the United States) or of the municipal government of the District of Columbia on the date of enactment of title IV. Retroactive payment also would be made, for services rendered during the retroactive period, in the case of postal field service employees who retired or died during such period. For the purposes of section 406, service in the Armed Forces of the United States, in the case of an individual relieved from training and service in the Armed Forces of the United States or discharged from hospitalization following such training and service, would include the period provided by law for the mandatory restoration of such individual to a position in or under the Federal Government or the municipal government of the District of Columbia.

"House bill: The House bill contained no provisions similar to section 406 of the Senate amendment.

"Conference substitute: Section 406 of the conference substitute, the operation and effect of which is discussed below is the same as section 406 of the Senate amendment.

"Section 406 of the conference substitute delineates the classes of individuals entitled to receive payment of the amount of any increase in salary or compensation which is payable, under authority of title 406 of the conference substitute, with respect to a postal field service employee within the purview of such title, for any retroactive period of service of such employee which is covered by such title.

Subsection (a) (of section 406 of the conference substitute provides, in effect, that the amount of any increase in the rate of compensation or salary of any individual resulting from the enactment of title IV of the conference substitute for any period, beginning on and after the first day of the first pay period which began on or after January 1, 1958, and ending on or before the date of enactment of such title IV, during which period such individual was on the rolls in the postal field service (excluding time on such rolls with respect to which no compensation in salary was payable), shall be paid, as follows:

"(1) to such individual, if, on such date of enactment (A) he is on the rolls as an employee in the postal field service or on any other employment roll of the Federal Government or of the municipal government of the District of Columbia, (B) is in the service of the Armed Forces of the United States, or (C) is retired under the Government civil-

ian retirement system to which he is subject, or

"(2) to the survivor or survivors, in accordance with the order of precedence and other provisions contained in the Act of August 3, 1950 (Public Law 636, Eighty-first Congress), as amended (5 U. S. C. 61f-61k), relating to the settlement of accounts of deceased Government officers and employees, of any such individual who has died prior to such date of enactment, if, at the time of his death, such individual was (A) on the rolls as an employee in the postal field service or on any other employment roll of the Federal Government or of the municipal government of the District of Columbia, (B) in the service of the Armed Forces of the United States, or (C) retired under such retirement system.

"The order of precedence for payment to survivors under the Act of August 3, 1950, is as follows: first, the beneficiary or beneficiaries appropriately designated by the deceased officer or employee; second, the widow or widower of such officer or employee; third, the child or children of such officer or employee and descendants of deceased children by representation; fourth, the parent or parents of such officer or employee; and fifth, the legal representative of the estate of such officer or employee or, if none, to the person or persons determined to be entitled thereto under the laws of the domicile of the officer or employee.

"Subsection (a) of section 406 of the conference substitute expressly provides for payment of the increase in compensation or salary for the retroactive period to the survivor or survivors of a deceased individual only in the case in which such individual dies prior to the date of enactment of title IV of the conference substitute. If the individual dies on or after such date of enactment, his right to receive payment of such increase would have vested in him during his lifetime under that part of such subsection (a) which provides for payment to an individual on the employment rolls on such date. Consequently, the survivor or survivors of such individual would be entitled to receive payment of the unpaid amount of such increase as an item of the employment account of such individual to be settled under the provisions of the Act of August 3, 1950, in the same manner as in the case of the application of such Act with respect to the settlement of accounts of deceased Government officers and employees generally.

"Section 406 (a) of the conference substitute also provides that such retroactive compensation or salary shall not be considered as basic salary for the purposes of the Civil Service Retirement Act in the case of any such retired or deceased postmaster, officer, or employee.

"Subsection (b) of section 406 of the conference substitute provides that, in the case of an individual who is relieved from training and service in the Armed Forces of the United States or who is discharged from hospitalization following such training and service, the period provided by law for the mandatory restoration of such individual to a position in or under the Federal Government or the municipal government of the District of Columbia also shall be deemed to be service in the Armed Forces of the United States for purposes of such section. This mandatory restoration period of 90 days in the case of relief from such training and service and 90 days after relief from not more than one year of such hospitalization is established by section 9 of the Universal Military Training and Service Act (50 App. U. S. C. 459).

"11. Effective Dates for Salary Increase Provisions

"Senate amendment: Section 407 of the Senate amendment provided the effective dates for the salary increase provisions of title IV of the conference substitute.

"Section 407 (a) provided that title IV would become effective as of the first day of the first pay period which began on or after January 1, 1958.

"Section 407 (b) provided that, for the purposes of determining the amount of insurance for which an officer or employee is eligible under the Federal Employees' Group Life Insurance Act of 1954 (5 U. S. C. 2091-2103), all changes in rates of compensation or salary which result from the enactment of title IV shall be held and considered to be effective as of the date of enactment of title IV.

"House bill: The House bill contained no provisions similar to section 407 of the Senate amendment.

"Conference substitute: Section 407 of the conference substitute adopts the provisions of section 407 of the Senate amendment.

"It may be noted that subsection (b) of section 407 of the conference substitute establishes the date of enactment of title IV of the conference substitute as the date on which the changes in rates of compensation or salary made by such title will become effective for the purpose of determining the amount of insurance for which an employee (whose compensation or salary is so changed) is eligible under the Federal Employees' Group Life Insurance Act of 1954 (5 U. S. C. 2091-2103).

"The Federal Employees' Group Life Insurance Act of 1954 provides for the granting of life and accident insurance to a Government employee in an amount approximating his annual compensation or salary. Title IV of the conference substitute provides salary or compensation increases to postal field service employees for a past or retroactive period as well as for periods in the future. As a result of these increases, some postal field service employees will become eligible for greater amounts of insurance under such Act.

"Subsection (b) of section 407 of the conference substitute is necessary, however, in order to avoid certain problems which might result from the application of such increases for past or retroactive periods.

"Examples of these problems are as follows:

"(1) the liability of the employee to pay premiums for insurance based on the increased annual compensation or salary for the past or retroactive period;

"(2) the amount of insurance to which a deceased employee who died during the retroactive period was entitled at the time of his death; and

"(3) the amount of insurance to which an employee who retired during the retroactive period was entitled at the time of his retirement.

"In order to avoid problems of this nature, subsection (b) of section 407 of the conference substitute provides that the salary or compensation increases will become effective on the date of enactment, for purposes of determining the amount of insurance of an employee under the Federal Employees' Group Life Insurance Act of 1954.

"Title

"With respect to the amendment of the Senate to the title of the House bill, the committee of conference recommends that the House recede from its disagreement to the amendment of the Senate to the title of the bill and agree to the same. Such title of the conference substitute is as follows: 'An Act to establish a postal policy, to adjust postal rates, to adjust the compensation of postal employees, and for other purposes'."

TOM MURRAY,
JAMES H. MORRISON,
JAMES C. DAVIS,
EDWARD H. REES,
ROBERT J. CORBETT,

Managers on the Part of the House.

Mr. MARTIN. Mr. Speaker, may I inquire of the majority leader if it his purpose to call up this conference report tomorrow?

Mr. MCCORMACK. The conference report will be the first order of business tomorrow, and thereafter the consideration of the Alaska statehood bill will continue.

COMMITTEE ON WAYS AND MEANS

Mr. MILLS. Mr. Speaker, I ask unanimous consent that the Committee on Ways and Means may have until midnight tonight, May 21, to file a report on the bill H. R. 12591, including, of course, supplemental views.

Mr. MARTIN. Is the gentleman also incorporating in his request provision for a minority report?

Mr. MILLS. Yes; all supplemental views, including minority views.

The SPEAKER. Is there objection to the request of the gentleman from Arkansas?

There was no objection.

SELECT COMMITTEE ON ASTRO-NAUTICS AND SPACE EXPLORATION

Mr. MCCORMACK. Mr. Speaker, I ask unanimous consent that the Select Committee on Astronautics and Space Exploration may have until midnight Saturday to file a unanimous report on H. R. 12975, a bill to provide for research into problems of flight within and outside of the earth's atmosphere, and for other purposes; in other words, the so-called outer space agency that will be established.

The SPEAKER. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

LIBERALIZING OUR SOCIAL SECURITY SYSTEM

(Mr. FINO asked and was given permission to extend his remarks at this point.)

Mr. FINO. Mr. Speaker, in the past 6 years, on numerous occasions I have spoken on the floor of this House to urge that we liberalize and humanize our social security system.

During my three terms in Congress, I have introduced and spoken in support of a number of my bills which would:

First. Lower the retirement age to 60 for men and 55 for women.

Second. Eliminate the age limit for total and permanent disability benefits.

Third. Strike out the "work clause" for persons over 65.

Fourth. Increase the minimum monthly benefits.

Fifth. Provide a 10 percent increase in all benefits.

Sixth. Eliminate the penalty for women who retire at age 62; and other corrective and necessary measures.

Mr. Speaker, I rise today to again speak in behalf of my bill, H. R. 2865, which was reintroduced January 1957. Briefly, it will provide full social se-

curity benefits to men at age 60 and women at age 55. I am convinced that the task at hand is to improve and alleviate the condition of many of our senior citizens who, because of factors beyond their control, are unable to work or find employment. My bill is an important means to this good end.

As I have stated on prior occasions the purpose of our Social Security System is to further the social, economic, and psychological well-being of the people in such a way that consideration is given to their individual capacities and their basic needs. It is becoming continually more apparent that our present retirement age requirements intensify the social problems of thousands of neglected, needy persons in this country.

The objectives of my proposal do not present a radical change in the primary purpose of the Social Security Act. But, I believe, the legislation would give the system the ability to be more responsive to the widely differing needs of older workers in our country. Moreover, with a lower retirement age many of our younger people, among the 5 million unemployed, will have an opportunity for work that is not presently within their grasp.

Mr. Speaker, I do not believe for 1 minute that there would be mass retirement of employed workers in response to my legislation. It is difficult to imagine that a healthy and happily employed worker of 60 will leave his job for a chance to collect a monthly retirement check of \$60 or \$80 or even the maximum benefit of \$108.50. The incentive to do this is simply not there. It is a fact that those who work and can work remain on the job far beyond the minimum retirement age. And the great majority of those who do retire, do not do so by choice but because of poor health, family decisions and other reasons. A small 5 percent retire voluntarily while they are in good health to take advantage of the benefits they are offered.

I am aware of the fact that this proposal will cost money. But, at a time when we badly need an increase in consumer purchasing power, it would seem to be the best kind of economic, as well as, humanitarian policy to put this money into the hands of people who will spend it immediately for the necessities of life.

Undoubtedly the enactment of this legislation will call for some adjustment in the social security tax schedules, but I believe that the workers of this country will be willing to make these increased contributions with the knowledge that this is a form of investment in their own future protection.

Mr. Speaker, since 1953 when I first came to Congress, I am happy to say, we have made much progress in improving and liberalizing the social-security system. In 1956, we eradicated for all time the bugaboo—that 65 is the only age of retirement—which had hamstrung the system since it was established back in 1935. The action of the House of Representatives in reducing the eligibility

age for women to 62 was a first step in a realistic retirement policy.

Mr. Speaker, although many inequities were created by granting actuarially reduced benefits to women workers and wives, and full benefits to widows, one good thing resulted—the days when our retirement-age figures have gone unquestioned—and age 65 remains inviolate—were ended. The response of the American people to the reduction of the retirement age and the institution of disability benefits brought about by the 1956 amendments, shows that they know that retirement is not linked to any traditional age but depends, in large part, upon the vicissitudes of life.

Mr. Speaker, although the artificial age barriers to employment are no measure of an individual's ability to work, it has been shown conclusively that many of our older citizens are too old to be employed but much too young to be eligible for social-security benefits. I believe that this is a situation which we cannot tolerate here in the United States. The basic problem of the present is to see to it that the disadvantaged of this country obtain their share of America's abundance, a larger freedom from insecurity, and a better cushion against job discrimination because of age.

It is my firm belief that the American people want this Congress to act favorably on this legislation. My bill will enable us to take another step forward in our social-security system—a system which is based on the principle that contributions throughout working life shall provide the kind of retirement income which preserves dignity and individual security for the deserving citizens of the United States. I hope the Ways and Means Committee will give thoughtful and favorable consideration to this bill now. By doing so, we will alleviate many hardships in millions of American homes.

THE NEED FOR AN EXPANDED PROGRAM FOR FORESTRY RESEARCH

(Mr. CURTIS of Missouri (at the request of Mr. Dixon) was given permission to extend his remarks at this point in the RECORD.)

Mr. CURTIS of Missouri. Mr. Speaker, I have introduced today a bill which is designed to expand our present program of research in forestry and forest products, and for other purposes. This bill is declaratory of the present policy of the Congress to promote the efficient production, marketing, and utilization of the products of the forest. For the attainment of this policy, the Secretary of Agriculture is authorized and directed to conduct and to stimulate research in the development, conservation, and management of forests and the production, marketing, and utilization of forest products in their broadest aspects.

To implement this congressional policy the Secretary of Agriculture by the terms of this bill is authorized to cooperate and enter into contracts with colleges, schools, and universities and with other public and private organizations and individuals. Any contracts or agreements made pursuant to this authority shall

contain requirements making the results of research and investigation available to the public through dedication, assignment to the Government, or such other means as the Secretary may determine. In entering into such contracts or in making cooperative arrangements the Secretary may arrange for the utilization of graduate students in the research performed under such contracts or agreements and shall take such measures as he deems appropriate to stimulate interest by graduate students in the development and application of all phases of forestry and forest products utilization research.

In carrying out the intent and spirit of this bill, the Secretary shall emphasize to the extent practicable special and early attention to the development of new uses and products for low-value timber, wood residues, and other products, in the improvement and more efficient production, harvesting, processing, marketing, and use of timber, lumber, and other wood products, and the development of new and improved scientific and technical methods and equipment for the development, conservation, and management of forests and for producing, marketing, and utilizing forest products. The emphasis on expanded forestry research programs is well placed. Forestry is not a short-time proposition. Where this Nation stands in timber supply at the end of the century depends largely on actions taken during the next two decades. Rapid acceleration of recent encouraging forestry trends is vital if the timber resources of the Nation are to be reasonably abundant 50 years hence. Because of the magnitude of potential demand, and the difficulty of extending more intensive forestry to the millions of small holdings, time is important. The potential of the land is adequate. Our challenge is to make better use of it soon.

My study reveals that the greatest need for research in forestry not now being met is for basic or fundamental work. Progress in the solution of the many problems facing our forestry today depends on constantly increasing knowledge obtained by research and experience. I am happy to report that a very considerable amount of research, especially applied research, is now being done by the Federal and State governments, and by private and industrial interests. However, because of the pressure exerted on these organizations for immediate results having direct practical application in the management of forest properties are in the harvesting and utilization of the timber crop, they can be expected to do little research of a really basic nature. If this sorely needed basic research is done, it will have to be performed by educational institutions, especially private colleges and universities, and the more forward looking private interests, through outright grants, fellowships, and particularly research assistantships.

It is reassuring to note that for the first time in many years, our forests are growing more wood than we are using. Annual wood growth is increasing at an accelerated rate. Our commercial forest area is expanding. The practice of good

forestry on private forest lands—farm, industrial, and other—is spreading rapidly. Some of the most intensive forest management is on the lands of wood-using industries and other private owners.

These facts, bright as they are, do not necessarily mean we shall have more wood than we can use in the years ahead. Our population is growing; our consumption of wood is increasing. Industry and government estimates indicate we will use wood in an increasing rate in the years to come. To keep forest growths ahead of our timber needs is our forestry job today. Many of us fail to realize the significant role our forests play in our economy from day to day. Like so many things, we have taken our great forest resources for granted. In my own State of Missouri, the forests have always played an important part in the economy of Missouri. The half of the population living in cities is not as acutely aware of their dependence on timber crops as are those living on farms and in small communities, but they nonetheless affected by the condition and productivity of the forests and forest industries. A recent survey published by the United States Department of Commerce shows that 3 out of every 100 persons employed in the industries, trades, and businesses of Missouri were employed in industries directly dependent on timber for their raw material. Add to that figure the dependents of those so employed, and the relation of the forests to the State's welfare becomes apparent. These statistics when multiplied by 48 give us a better understanding of the importance of our forests to our overall economy.

Fundamental research is essential in determining the basic facts, and principles upon which forest management and the utilization of forest products depend. Research of this type is basically of general application and as such is a matter for public participation. Federal forest research has placed greater emphasis on forest inventory, forest protection, the economic aspects of forest management, and the utilization of forest products. This should be done through a reorientation program and not through increased appropriations. State and private agencies should be encouraged to expand their programs of forest research. Better coordination to avoid competition and duplication between Federal, State, and private agencies should be effected through the establishment of a National Forest Research Advisory Council representative of private, State, and Federal organizations interested in forest research. The results of research investigations and studies of forest management and utilization should be readily available and currently disseminated to all public and private forest agencies, and the forest industries and landowners. The bill which I have introduced today is a step in the right direction. To provide for the needs of the future we must plan and think in terms of the needs of the future. This can only be accomplished by a properly programmed plan for the future.

Starting almost from scratch at the beginning of this century, American fer-

1. The first part of the paper discusses the importance of maintaining accurate records of all transactions. It emphasizes that proper record-keeping is essential for the success of any business and for the protection of the interests of all parties involved.

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House May 22, 1958

13. PERSONNEL. The Government Operations Committee reported without amendment H. R. 11133, to amend the Administrative Expenses Act so as to provide for the payment of travel costs for certain Federal personnel appointments to areas in which the CSC has determined there is a manpower shortage (H. Rept. 1764). p. 8405
14. SURPLUS PROPERTY. The Government Operations Committee reported with amendment S. 2224, to amend the procedures on advertised and negotiated disposals of surplus property (H. Rept. 1763). p. 8405
15. POSTAL RATES. Agreed, 381 to 0, to the conference report on H. R. 5836, the postal rate and pay increase bill. This bill will now be sent to the President. pp. 8360-66, 8405
16. STATEHOOD. Continued debate on H. R. 7999, the Alaska statehood bill. Agreed to close debate on the bill at not later than 5 o'clock Mon., May 26. pp. 8366-95
17. FARM PRICES. Rep. Marshall discussed farm prices and income, and stated "there appears to be an intensified campaign in the slick news magazines to convince consumers that farmers are benefiting from the record high cost of living." pp. 8398-99
18. PUBLIC LAW 480. Rep. Dingell urged the use of foreign currencies derived from the sale of surplus agricultural commodities for the purchase, translation, and cataloging foreign scholarly works, and inserting several letters he had received favoring his proposal. pp. 8400-02
19. TEXTILE IMPORTS. Rep. Rogers criticized the continued importation of cotton velveteen from Japan. p. 8403
20. METAL STABILIZATION PAYMENTS. Both Houses received from Interior a draft bill "to stabilize production of copper, lead, zinc, acid-grade fluorspar, and tungsten from domestic mines by providing for stabilization payments to producers of ores or concentrates of these commodities"; to Interior and Insular Affairs Committees. pp. 8405, 8310
21. FOREIGN AFFAIRS. Received from the Foreign Affairs Committee a report of the Special Study Mission to Canada (H. Rept. 1766). p. 8405

ITEMS IN APPENDIX

22. COTTON. Sen. Johnson inserted an editorial stating that J. H. West, president of the Texas Farm Bureau, has been selected as 1 of 3 men to represent the U. S. at an international cotton meeting in London next month. p. A4722
23. ELECTRIFICATION. Sen. Proxmire inserted an editorial honoring TVA on the anniversary of its 25th year of service. pp. A4724-5
Extension of remarks of Sen. Proxmire expressing concern over proposed legislation "to change the REA's basic program" which farm leaders regard as a threat to its continued success and inserting an editorial, "Anti-REA Drive Hots Up." pp. A4728-9
Extension of remarks of Rep. Roberts inserting articles describing the development of the Coosa-Alabama river system. pp. A4743, A4749-50
Sen. Yarborough inserted an editorial on the value of McGee Bend dam to the people of Texas. p. A4750

24. FOREIGN TRADE. Rep. Madden inserted an editorial urging enactment of the bill to extend the Reciprocal Trade Agreements Act exactly as reported. p. A4727
Rep. May inserted an editorial urging passage of the Reciprocal Trade Agreements Act extension. p. A4735
Rep. Harrison, Va., inserted an editorial urging Congress not to go too far in protecting U. S. industries hit by foreign competition because of the danger of upsetting our foreign trade balance. p. A4742
Rep. Dorn inserted an editorial supporting Sen. Russell's views on restrictions of imports. p. A4753
25. FEDERAL-STATE RELATIONS. Extension of remarks of Rep. May commending the studies of the Fountain Subcommittee on Intergovernmental Relations and inserting an editorial, "The States Could Regain Some Financial Powers." p. A4730
Extension of remarks of Rep. Cramer criticizing actions of the Governors' Conference in regard to assuming certain Federal programs and attempts to request Federal action against the recession. He inserted a list of the Administration's steps taken against the recession and a tabulation of State action on the National Interstate Highway system. pp. A4762-4
26. FOREIGN AID. Extension of remarks of Rep. Judd supporting the foreign aid program. pp. A4743-6

BILLS INTRODUCED

27. LANDS. S. 3881, by Sen. Anderson, to amend the Atomic Energy Act of 1954, as amended, to provide for the release of source material reservations contained in conveyances of public and acquired lands; to Atomic Energy Joint Committee.
H. R. 12649, by Rep. Burns, Hawaii, to amend the Hawaiian Organic Act, and to approve amendments of the Hawaiian land laws in regard to sales, leasing, and exchange of public lands; to Interior and Insular Affairs Committee.
28. MARKETING. S. 3883, by Sen. Humphrey, to encourage the improvement and development of marketing facilities for handling perishable agricultural commodities; to Agriculture and Forestry Committee.
29. PERSONNEL. S. 3888, by Sen. Clark, to provide for an effective system of personnel administration for the executive branch of the Government; to Post Office and Civil Service Committee.
H. R. 12652, by Rep. Reuss, to amend the Civil Service Retirement Act to authorize the disclosure of certain retirement information; to Post Office and Civil Service Committee.
30. FOREIGN AID. H. R. 12629, by Rep. Dingell, to amend title IV of the Mutual Security Act of 1954 to provide for certain overseas programs relating to scientific and other significant works; to Foreign Affairs Committee. Remarks of author. pp. 8400-2
31. HOLIDAY. H. R. 12634, by Rep. May, declaring October 12 to be a legal holiday; to Judiciary Committee. Remarks of author. p. A4741
32. HOUSING. H. R. 12637, by Rep. O'Hara, Ill., to provide for direct Federal loans to meet the housing needs of moderate-income families, to provide liberalized credit to reduce the cost of housing for such families; to Banking and Currency Committee.

manent RECORD and Journal may be corrected accordingly.

The SPEAKER. Is there objection to the request of the gentleman from Indiana?

There was no objection.

CORRECTION OF RECORD

Mr. PATMAN. Mr. Speaker, I ask unanimous consent to correct the RECORD containing my remarks titled "Small Business Must Have a Chance To Obtain Capital," on May 20, on page 8128, et seq., as indicated in a statement which I hand to the Clerk but will not read.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

There was no objection.

(The corrections referred to follow:)

Mr. PATMAN. Mr. Speaker, I ask unanimous consent to correct the RECORD containing my remarks titled "Small Business Must Have a Chance To Obtain Capital," on May 20. On page 8128, in the last column, there is a sentence which reads:

"There are no standards for making such decisions, and no rules should be rejected."

The sentence should have read:

"There are no standards for making such decisions, and no rules which automatically determine which ventures should be made and which should be rejected."

At page 8129, in the first column, there is a sentence which reads:

"It would not be workable, and it would not be acceptable to the general public, to have an agency of the Federal Government handing out money to some business firms and denying it standards."

This sentence should have read:

"It would not be workable, and it would not be acceptable to the general public, to have an agency of the Federal Government handing out money to some business firms and denying it to others on the basis of subjective standards."

On page 8130, in the center column, there is a sentence which reads:

"There would be 120 of these regional banks."

The sentence should have read:

"There would be 12 of these regional banks."

All of these requests for corrections arise because of errors on the part of the Public Printer. I furnished the reporter a clear-typed copy of my remarks and I do not know how such errors could have arisen, except that it is evident the Printing Office did not proofread against the typed copy.

(Mr. RODINO asked and was given permission to extend his remarks at this point in the RECORD.)

[Mr. RODINO'S remarks will appear hereafter in the Appendix.]

NATIONAL SAFE BOATING WEEK

Mr. FORRESTER. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the resolution (H. J. Res. 378) to authorize the President to proclaim annually the week which includes July 4 as "National Safe Boating Week" with Senate amendment thereto, and concur in the Senate amendment.

The Clerk read the title of the resolution.

The Clerk read the Senate amendment, as follows:

Page 1, line 3, of the preamble, strike out "1937" and insert "1958."

The SPEAKER. Is there objection to the request of the gentleman from Georgia?

There was no objection.

The Senate amendment was concurred in.

A motion to reconsider was laid on the table.

THE THOMAS J. O'BRIEN LOCK AND DAM

The SPEAKER. The Chair recognizes the gentleman from Illinois [Mr. PRICE].

Mr. PRICE. Mr. Speaker, I ask unanimous consent for the present consideration of the bill (H. R. 12613) to designate the lock and dam to be constructed on the Calumet River, Ill., as the "Thomas J. O'Brien lock and dam."

The Clerk read the title of the bill.

Mr. SHEEHAN. Mr. Speaker, reserving the right to object, and I will not, I merely wish to state to the gentleman from Illinois that the Republican Members from Cook County, of the Illinois delegation, and the State of Illinois join wholeheartedly in this resolution.

The SPEAKER. Is there objection to the request of the gentleman from Illinois?

There was no objection.

The Clerk read the bill, as follows:

Be it enacted, etc., That the lock and dam to be constructed on the Calumet River, Ill., between turning basin No. 5 at Lake Calumet and the junction of the Little Calumet River and the Grand Calumet River, such lock and dam to be located approximately at 134th Street, authorized as one of the structures to replace the Blue Island lock and dam, by the River and Harbor Act of July 24, 1946, shall be known and designated hereafter as the "Thomas J. O'Brien lock and dam." Any law, regulation, map, document, record, or other paper of the United States in which such lock and dam are referred to shall be held to refer to such lock and dam as the "Thomas J. O'Brien lock and dam."

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

GENERAL LEAVE TO EXTEND

Mr. PRICE. Mr. Speaker, I ask unanimous consent that all Members who so desire may have the privilege of extending their remarks at this point in the RECORD on the bill just passed.

The SPEAKER. Is there objection to the request of the gentleman from Illinois?

There was no objection.

Mr. O'HARA of Illinois. Mr. Speaker, it is most gratifying to the members of the Illinois delegation, and I know our feeling is shared by every Member of this body on both sides of the aisle, to know that through all the years of the future the name of our beloved dean will live on, reminding succeeding generations when Cal-Sag is one of the great waterways for world commerce, of the outstanding statesman without whose tireless effort and matchless popularity with his colleagues the Cal-Sag development

might have remained stagnant. It is most appropriate that this dam should bear the proud and honorable name of THOMAS J. O'BRIEN, and the fact that the bill of authorization was no sooner introduced by our colleague from Chicago [Mr. KLUCZYNSKI] than with the blessing of the leadership on both sides it was immediately brought up and passed by unanimous vote, speaks volumes of the regard and affection in which TOM O'BRIEN is held.

Mr. MACK of Illinois. Mr. Speaker, I wish to join my colleague in support of H. R. 12613. This bill would designate the lock and dam to be constructed on the Calumet River near Chicago as the Thomas J. O'Brien lock and dam in tribute to the eminent and beloved dean of the Illinois congressional delegation.

It is most appropriate that the House take this action. Our great metropolis on Lake Michigan owes much to the statesmanship and farsighted vision of the gentleman from Illinois, THOMAS J. O'BRIEN. He has served the people of Chicago well and faithfully as their representative in the Illinois General Assembly, sheriff of Cook County, and a Member of Congress for 11 terms.

The Cal-Sag channel, a vital transportation link between the Mississippi River Valley and the St. Lawrence seaway, has become a reality through his efforts. Bestowing his great name on one of the principal features of this waterway is a means by which Congress, in small measure, can reward the gentleman from Illinois, THOMAS J. O'BRIEN, for his many years of public service.

Mr. PRICE. Mr. Speaker, it is pleasing to note the reception by the Members of the House on both sides of the aisle to my request for unanimous consideration of H. R. 12613 which would designate the lock and dam to be constructed on the Calumet River in Illinois as the Thomas J. O'Brien lock and dam.

This is a tribute to the gentleman from Illinois, the beloved dean of the Illinois Democratic delegation in the House and among the ranking members of the entire Illinois delegation. It is a tribute not only from his colleagues in the Chicago area but throughout the State of Illinois and likewise a tribute to him from all the Members of the House from every section of the country. TOM O'BRIEN is held in the highest esteem by every Member in the House of Representatives.

While this particular tribute is in recognition of the splendid leadership he gave on the Calumet-Sag Channel improvement project, it also gives testimony from his colleagues as to their feeling for the gentleman from Chicago.

TOM O'BRIEN never seeks the spotlight for the good he accomplishes in the service to his State and Nation, but his efforts cannot go unnoticed by his colleagues who are so familiar with his qualities for leadership. His quiet influence within his own delegation is reflected in his many accomplishments and achievements as a Member of this House. He is respected and honored by all who have the privilege of following his activities.

Mr. YATES. Mr. Speaker, I am delighted to join with my colleague from Illinois, Mr. PRICE, in his very thoughtful and well deserved resolution to name Lock No. 5 of the Cal-Sag project the Thomas J. O'Brien lock. Certainly no man ever deserved such recognition, for it was only the determined and persevering effort of the dean of the Illinois delegation which brought success to the Cal-Sag project. But the Cal-Sag project, important as it is to the people of Chicago and of the State of Illinois, is but one of the many examples of the essential work brought to fruition through the efforts of Congressman O'BRIEN.

Quiet in his way, there is no one in the Congress who is more effective or more dynamic in attaining his objectives. His efforts over the years have received the high commendation and support of his constituents who recognize the excellence of the representation he has given.

I look forward to joining my colleagues of the Illinois delegation in participating in the ceremonies which formally designate the lock as the Thomas J. O'Brien lock.

INTERIOR DEPARTMENT APPROPRIATION BILL, 1959

Mr. KIRWAN. Mr. Speaker, I call up the conference report on the bill (H. R. 10746) making appropriations for the Department of the Interior and related agencies for the fiscal year ending June 30, 1959, and for other purposes, and ask unanimous consent that the statement of the managers on the part of the House be read in lieu of the report.

The SPEAKER. Is there objection to the request of the gentleman from Ohio? There was no objection.

The Clerk read the statement.

(For conference report and statement see proceedings of the House of May 21, 1958.)

Mr. KIRWAN. Mr. Speaker, I move the previous question on the conference report.

The previous question was ordered.

The conference report was agreed to.

The SPEAKER. The Clerk will report the first amendment in disagreement.

The Clerk read as follows:

Senate amendment No. 14: Page 8, line 16, insert "of which not to exceed \$12,000 may be paid to the North Dakota State Water Conservation Commission for the construction of culverts at Zeibaug Pass, N. Dak."

Mr. KIRWAN. Mr. Speaker, I move that the House recede and concur in the Senate amendment.

Mr. JENSEN. Mr. Speaker, will the gentleman yield?

Mr. KIRWAN. I yield to the gentleman from Iowa.

Mr. JENSEN. Mr. Speaker, I have no objection. I only wish to say this, that the conferees on the part of the House and the Senate came to full agreement on this bill in conference, and hence there is no disagreement whatever on any item.

I think it should be said, also, that the appropriation made in this bill for the Department of the Interior is \$548,150 less than was appropriated for the De-

partment last year. The conference report, I am sure, will meet with the approval of all of the Members of this House, and I am sure it will of the Senate, and I want to thank the chairman of the committee, the gentleman from Ohio [Mr. KIRWAN], for the fine job that he has done, as well as the staff and every other member of the committee. We had splendid hearings and the bill speaks for itself, Mr. Speaker.

The SPEAKER. The question is on the motion.

The motion was agreed to.

The SPEAKER. The Clerk will report the next amendment in disagreement.

The Clerk read as follows:

Senate amendment No. 18: Page 14, line 1, insert:

"CONSTRUCTION

"For the construction and improvement of facilities under the jurisdiction of the Bureau of Mines, to remain available until expended, \$1,719,000."

Mr. KIRWAN. Mr. Speaker, I move that the House recede and concur in the Senate amendment.

The motion was agreed to.

The SPEAKER. The Clerk will report the next amendment in disagreement.

The Clerk read as follows:

Senate amendment No. 22: Page 16, line 16, insert "of which not to exceed \$135,000 shall be available for the construction of additional school facilities at Grand Canyon National Park, Ariz."

Mr. KIRWAN. Mr. Speaker, I move that the House recede and concur in the Senate amendment.

The motion was agreed to.

(Mr. KIRWAN asked and was given permission to extend his remarks at this point in the Record.)

Mr. KIRWAN. Mr. Speaker, the conference action provides a total of \$459,675,950 for fiscal year 1959 for the Department of the Interior and related agencies including the Forest Service. This represents a reduction of \$30,241,000 from the amount proposed by the Senate for 1959 and a decrease of \$548,150 from appropriations to date for the current fiscal year.

Although the bill represents an increase of \$45,191,340 over the budget estimate and \$46,530,350 over the House bill it should be noted that the budget request on which the House action was based was formulated last fall under the budget policy of curtailing nondefense expenditures to the greatest extent possible. Large amounts of the 1958 appropriations were placed in reserve in an effort to hold down expenditures, especially on construction programs. The 1959 budget assumed that to a large extent these reserves would be carried forward for use in 1959 thus reducing the new appropriations required.

Since the House action in February, these reserves have been released by the Budget Bureau for use during the remainder of the current fiscal year to accelerate Federal expenditures in the light of current economic conditions.

Because of the need to expand job opportunities immediately the House conferees have accepted those portions of the Senate increases which it is believed can be efficiently undertaken in 1959 and

which will provide for construction of a limited number of long-deferred facilities urgently needed for various management and research programs. Major increases agreed to over the House bill include \$12,200,000 to provide essential education facilities for Indian children, \$7,600,000 for construction in the national parks, \$2,471,350 for additional fish and wildlife facilities, \$1,300,000 for Alaska public works, and \$12,175,000 for the United States Forest Service, including recreation and public use, structural improvements, and forest research including \$2,500,000 for construction of research facilities.

It should be noted that the amount provided in the bill is \$548,150 below 1958 appropriations. Increases in the bill over 1958, totaling \$28,856,000 have been more than offset by decreases in several items totaling \$29,404,150. This is in accordance with the committee's efforts to hold operating expenses to the minimum required to carry out an effective program for the conservation and proper utilization of our great natural resources.

Mr. Speaker, following is a summary comparison of the figures in the bill:

1958 appropriations.....	\$460,224,100
1959 budget estimate.....	414,484,600
1959 House bill.....	413,145,600
1959 Senate bill.....	489,916,950
1959 conference bill.....	459,675,950

Conference action compared with:

1958 appropriations.....	-548,150
1959 budget estimate.....	+45,191,340
1959 House bill.....	+46,530,350
1959 Senate bill.....	-30,241,000

¹ Includes \$3,974,500 appropriated in Second Supplemental Appropriation Act, 1958.

A motion to reconsider the votes by which action was taken on the several motions was laid on the table.

POSTAL RATES AND POSTAL PAY

Mr. MADDEN, from the Committee on Rules, reported the following privileged resolution (H. Res. 573, Rept. No. 1762), which was referred to the House Calendar and ordered to be printed:

Resolved, That upon the adoption of this resolution it shall be in order to consider the conference report on the bill H. R. 5836, to readjust postal rates and to establish a congressional policy for the determination of postal rates, and for other purposes, and all points of order against the conference report are hereby waived.

POSTAL RATES AND POSTAL PAY

Mr. MADDEN. Mr. Speaker, I call up House Resolution 573 and ask unanimous consent for its immediate consideration.

The SPEAKER. Is there objection to the request of the gentleman from Indiana?

There was no objection.

The Clerk read the resolution, as follows:

Resolved, That upon the adoption of this resolution it shall be in order to consider the conference report on the bill H. R. 5836, to readjust postal rates and to establish a congressional policy for the determination of postal rates, and for other purposes, and all

points of order against the conference report are hereby waived.

(Mr. MADDEN asked and was given permission to revise and extend his remarks.)

Mr. MADDEN. Mr. Speaker, I hereby present the rule calling for consideration H. R. 5836, the postal pay conference report.

This has been long delayed legislation. Unfortunately the postal-pay legislation passed by the House last session was vetoed by President Eisenhower.

The cost of living has increased greatly since the postal workers received their last pay increase. In fact the newspapers this morning announce the 15th successive monthly increase in the cost of living. The industrial Calumet region of Indiana, which I represent, has the same high cost of living yardstick as the adjoining Chicago area. Over 52 percent of the postal employees in my area have been compelled to seek additional employment or secure part-time work for their wives.

I do not agree with all the provisions of this bill but want to congratulate the conference committee from the House and Senate for compromising their differences so to present a bill which the President will sign.

The postal employees have waited long and with great sacrifice for a necessary raise in pay. I am happy that the pay feature of the legislation is retroactive to January 1, 1958. I hope the conference report is adopted unanimously.

I yield 30 minutes to the gentleman from Illinois [Mr. ALLEN].

Mr. ALLEN of Illinois. Mr. Speaker, I want to compliment the conferees on bringing this bill back to the House. I am particularly pleased because it shows that there is financial responsibility upon the part of the Congress to raise the rates in order to take care of the large postal deficit.

Mr. Speaker, I reserve the balance of my time.

Mr. MADDEN. Mr. Speaker, I move the previous question.

The previous question was ordered.

The SPEAKER. The question is on the resolution.

The resolution was agreed to.

A motion to reconsider was laid on the table.

Mr. MURRAY. Mr. Speaker, I call up the conference report on the bill (H. R. 5836), to readjust postal rates and to establish a congressional policy for the determination of postal rates, and for other purposes, and ask unanimous consent that the statement of the managers on the part of the House be read in lieu of the report.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the request of the gentleman from Tennessee?

There was no objection.

The Clerk read the statement.

Mr. MURRAY (interrupting the reading). Mr. Speaker, I ask unanimous consent that the statement be considered as read.

The SPEAKER. Is there objection to the request of the gentleman from Tennessee?

There was no objection.

(For conference report and statement, see proceedings of the House of May 21, 1958.)

Mr. MURRAY. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, in my judgment, the rate provisions of this bill are the finest that have ever been presented to the House. I believe that the benefits of the increased revenues which is very much needed by the Post Office Department far outweigh some of the features of this bill which, in my opinion, could be improved.

In August last year the House of Representatives approved legislation which increased postal rates in every category of mail except parcel post, which rates are fixed administratively. This legislation was subsequently amended in the Senate to include a 5-cent postage rate for nonlocal first-class letter mail, and an 8-cent rate for airmail, as well as other changes in the rate schedules. In addition, the Senate added a provision for increasing the salary of postal employees by 7½ percent on a permanent basis and a cost-of-living increase of \$240 through Level 5, \$160 at Level 6, and \$80 at Level 7. The salary increases were to be effective the first pay period after January 1, 1958.

After extensive conferences, the conferees have come to an agreement. This legislation is probably not completely satisfactory to anyone, but is generally conceded to be the best legislation that can be arrived at in a bill that is so complicated and which has such a wide impact upon business and individuals.

In general, with respect to the postal rate increases, it can be said the rate increases are nearly the same as those approved by our committee in the 83d Congress and the House in both the 84th and this Congress.

Under this bill, first-class mail rates will go to 4 cents and drop letters, post, and postal cards to 3 cents. The airmail rate will go to 7 cents and airmail postcards to 5 cents.

Schedules of increases in second-class mail are not quite as high as those in the House-passed bill. For example, on the reading matter, the increases amount to approximately 30 percent, and on the advertising portion 54 percent, both increases spread in three increments a year apart.

The increases in third-class mail are pretty much the same as passed the House, except there is an interim increase from 1½ to 2 cents on the minimum piece rate for bulk mailings, and then a later increase to 2½ cents. These increases in the bulk minimum rate would be to 2 cents January 1, 1959, and to 2½ cents on July 1, 1960.

Books, under the provision of the bill as it passed the House, would have been raised to 10 cents on the first pound and 5 cents on each additional pound. There was no increase for books in the Senate bill. Under the Conference Agreement, the rate on books will be 9 cents on the first pound and 5 cents on each additional pound, and these rates are extended to certain additional material. There is no change in library book rates.

Probably the best way to show the differences in the effect of the provisions of the House and Senate bills and the Conference Agreement is to compare total revenue raised. The total increased revenue based on present volume under the House bill would be \$550 million, under the Senate bill \$730.2 million, and under the Conference Agreement \$550 million.

The main change in the Conference Agreement is the adjustment in the effective dates. The effective date for most rate increases is August 1. The effective date for the first increase in second and third-class bulk mailing is January 1. As has been indicated previously, the main reason for obtaining a rule on this Conference Agreement before the House is because of the passage of time. It was necessary to advance the effective dates of all of the rate increases, having in mind the impact upon individuals and on business.

The Conference Agreement retains the authorization for a Postal Modernization Fund. As originally approved by the Senate, it contemplated that the revenues from the 5-cent non-local mail rate, estimated at \$175 million a year, be paid into this fund. Since the 5-cent non-local rate increase is not included in the Conference Agreement, the amount of the fund was struck out. The provision for the fund, however, remains with the thought that if the Appropriations Committee desires to provide such a program, the authorization for the fund will be there.

There are certain features of the postal policy provisions which will raise very serious questions in the future when it comes to appropriations called for public service. It will be something that the Appropriations Committee will want to look very carefully at when it comes to making appropriations for the total loss of certain services as compared to our position on the loss of revenue. Also, it will be inappropriate, in my opinion, to provide a subsidy for the delivery of mail to individuals or star routes or Fourth-Class Post Offices when millions of others on rural routes and in cities receive their mail delivered without any indication that it is subsidized delivery. I believe the time will come when we will have to take care of the inconsistencies in the policies and prepare to support such revisions in line with the position of our committee and the House when this bill was before them last year.

With respect to the pay legislation, the conference agreement provides a 7½ percent permanent increase for all postal employees in the postal field service, except level 20. Level 20 presently has a ceiling of \$16,000 and that ceiling is retained. There is a temporary cost of living increase of 2½ percent for 3 years for the employees in level 6 and below. A 1½ percent for those in level 7 but above level 7 there is no temporary increase provided. We were not able to extend this temporary increase to all levels because of the restrictions on the extent to which the conferees could go. There seems to be general agreement that consideration would and should be given to equalizing the salary adjust-

ments and very likely recommendations with respect to that will be made by the Postmaster General. All of these increases are effective retroactively to January 1, 1958.

Many will agree, I am sure, that a January 1 retroactive date making retroactive salary increases earlier by nearly a half year is stretching the retroactive payment too far. I am strongly opposed to it, and so stated to the conferees. It will require a supplemental appropriation in the neighborhood of \$115 million. Also, there are many who will agree with me that the 2½ percent temporary cost of living increase throws the salary increases completely out of line with the increase we have provided for the military or might possibly provide for those paid under the Classification Act schedule. It is wrong because it is over and above the increased cost of living since the last pay bill in 1955 and because it distorts the pay schedules as it does not go above level 7. The annual increased payroll cost as a result of the postal salary increase is \$265 million. On the other hand, weighing the excellent postal rate increase bill providing for the increased revenue of over a half billion dollars against some of the less desirable features of the salary increase bill, it should be clear to everyone this is the best bill we could work out in such a controversial, complicated, and technical field.

I urge the Members to approve this conference agreement. There probably has been no piece of legislation that has had more lengthy consideration by the Congress than postal rates and salaries. Virtually this same rate bill was passed by the committee in the 83d Congress and the House in the 84th Congress. Again, in the first session of this Congress salary increases already have been vetoed. If this legislation is approved by the House, as it already has been approved by the other body, and it becomes law, then this very controversial and complicated problem will be solved for some time to come.

Mr. MURRAY. Mr. Speaker, I yield such time as he may desire to the gentleman from Kansas [Mr. REES].

Mr. REES of Kansas. Mr. Speaker, there is little further I can add to what the chairman has said with respect to this legislation except to say that the conferees spent a great deal of time in their efforts to bring about a satisfactory report. Of course, it is a compromise. This is the best report that can be secured. All the conferees have signed the report. The legislation has been approved without objection in the other body. There is nothing further that I can add except to join with my chairman in recommending the approval of this report.

Following action by the conferees on these salary increases, I stated that if the Congress approved this legislation I would recommend final approval. I have had the opportunity to discuss this legislation personally with the President and, while not presuming to predict what action he will take, I have been greatly encouraged at the prospect of obtaining final approval.

My efforts to obtain equitable salary increases for postal employees have been

based on information and evidence developed both personally and through our committee deliberations which bear directly on the postal salary problem. I have pointed out these factors to Administration officials.

I repeat, I strongly concur in the statement of our committee chairman that this is the best and the most equitable legislation that we could work out in this complex and controversial area of postal activity. The agreement was reached after one of the longest and most thorough conferences in my recollection. Every provision of the agreement has received the most careful consideration. The agreement on postal rates is very close to the rate provisions passed by this House in both the 84th Congress and in the first session of this Congress. House approval of the agreement will provide an effective solution to major postal problems for some time to come.

Mr. Speaker, I urge the adoption of the motion to approve the report.

Mr. WIER. Mr. Speaker, will the gentleman yield?

Mr. REES of Kansas. I yield to the gentleman from Minnesota.

Mr. WIER. In the judgment of the gentleman from Kansas, after the experience the gentleman has had here for the last 6 weeks, would you advise in the future any tieup between rate and pay bills?

Mr. REES of Kansas. No, sir; I would not advise it in the future.

Mr. KEATING. Mr. Speaker, will the gentleman yield?

Mr. REES of Kansas. I yield.

Mr. KEATING. Mr. Speaker, although some may quibble over specifics of provisions agreed upon by the conference committee, their overall objectives are sound. The conference report should receive overwhelming approval.

No one who has studied this matter can deny that our postal workers deserve a raise. Their salaries simply have not kept pace with the rising cost of living. That fact has been amply and ably demonstrated to me by employee groups in my district.

Let us never forget that the postal service is one of the few utterly necessary services in our national life. Through thick and thin, these people carry out their essential work. In return, they have every right to expect that Uncle Sam will provide them with an adequate living wage.

But any pay raise for postal workers, badly needed as it is, must be accompanied by increased income to help pay for such salaries. In the past, Congress has not always recognized this responsibility. All too often postal pay has been upped, but not postal rates.

Today the zero hour has come. If we are to maintain fiscal responsibility, rates must be increased on certain classes of mail in order to help pay the cost of providing postal workers with a decent wage.

There should be no blinking from the facts of life involved here. It is estimated that the Post Office Department loses about \$2 million a day, or some \$700 million a year, with its present revenues and wage scale. That would build 17 nuclear-powered submarines or 87

B-52 jet bombers or 700 IRBM guided missiles. Although perhaps it would be too much to expect this Department to be completely self-supporting, that deficit is clearly too large.

Thus, the crying need for an increase in rates is made doubly imperative by the pressing need for pay boosts. Neither can be denied. Both are badly needed.

Both are adequately and soundly provided for in this conference report. Although I have misgivings about some aspects of it, I believe it is a strong and sane step in the right direction. This is not a perfect bill, but because it provides substantial justice for our many fine postal workers and because it recognizes the need to offset pay raises with rate increases I shall support the conference committee's report. Only by accepting this report can we see to it that our postal employees get the salary increases they so richly deserve.

Mr. BALDWIN. Mr. Speaker, will the gentleman yield?

Mr. REES of Kansas. I yield to the gentleman from California.

Mr. BALDWIN. Mr. Speaker, I rise in support of the conference report on H. R. 5836, the postal pay increase and postal rate adjustment bill. The pay increases for postal employees provided by this bill are already long overdue.

Postal employees have received no increase in pay for 3 years, whereas pay rates in industry have continued to increase during this period, particularly in the San Francisco Bay area of California. As an illustration, blue collar wage board civil service employees whose wages under law are readjusted periodically to correspond with comparable wages paid in industry, have received three pay increases during the last 3 years in the San Francisco Bay area, whereas postal employees and classified civil service employees have received none. The postal pay increases in this bill are urgently needed.

Mr. MURRAY. Mr. Speaker, I yield 10 minutes to the gentleman from Virginia [Mr. GARY].

Mr. GARY. Mr. Speaker, there are several features in this report with which I cannot agree.

One of them has been discussed by the chairman, the policy statement in the report. I think the policy outlined is based upon a false premise. I trust that if this conference report is adopted, at some future time we shall have an opportunity to correct the policy as prescribed in this bill. I think it establishes wrong values for the determination of certain public service items set forth in the bill, and therefore it should be corrected.

Mr. CANFIELD. Mr. Speaker, will the gentleman yield?

Mr. GARY. I yield.

Mr. CANFIELD. I assume the gentleman refers to the rate base?

Mr. GARY. I do.

Mr. CANFIELD. I agree heartily with the statement the gentleman has just made. It is an error, and unfortunately so.

Mr. GARY. I thank the gentleman for his contribution.

Then, I call your attention to the fact that we provided in the appropriation

bill some years ago, in order to carry out the provisions of the parcel post law, that the Postmaster General shall, when parcel post income is not sufficient to pay the cost of that service, increase the rates on fourth-class matter to make it self-supporting. The original parcel post law contained a provision requiring the Postmaster General to fix rates, subject to the approval of the Interstate Commerce Commission, so that parcel post would be self-sustaining. In my opinion that was put into the law for a purpose, because parcel post is the only branch of the postal service which comes in competition with private enterprise, and the Congress did not want that competition to be unfair.

At the request of the Post Office Department the House wrote into this bill a leeway of 1 percent variation between receipts and expenses before the rates would have to be changed. The other body increased that to 8 percent. Frankly, I think there is some reason for a slight leeway but the conferees finally agreed on 4 percent, which in my judgment is too high. A leeway of 2 or 3 percent is certainly ample.

Then, finally, with respect to the postal modernization fund, we have this situation. The bill as it passed the House fixed the rate of first-class mail at 4 cents per ounce; the Senate committee increased the rate on out-of-town mail to 5 cents per ounce. It was estimated that the extra cent would yield approximately \$175 million. A provision was inserted in the bill that the \$175 million be set aside as a special fund for the modernization of post offices.

I hope I am not developing a complex, but, as all of you know, I have been fighting every special fund that has come before this body. The reason for that is that the special fund takes away from the Congress the authority to appropriate the money in these special funds, and leaves it to the heads of the departments to spend the money as they see fit. A provision was then written into the bill to reserve to the Congress the right to appropriate the money for the special fund. Then the 5-cent rate was stricken from the bill, as the result of which the \$175 million will not be realized. Nevertheless, the language with respect to the establishment of the special fund was left in the bill. I assume that under those circumstances this postal modernization fund provision is a nullity, and I would like to have the view of the chairman of the committee on that point.

Mr. MURRAY of Tennessee. I agree with the gentleman entirely, that unless the Congress makes the appropriation it has no force and effect.

Mr. GARY. This provision has no force and effect unless the Congress makes an appropriation?

Mr. MURRAY of Tennessee. That is certainly correct.

Mr. GARY. I thank the gentleman. It was my desire to clarify this situation for the record.

Mr. REES of Kansas. Mr. Speaker, will the gentleman yield?

Mr. GARY. I yield.

Mr. REES of Kansas. The gentleman does not have any so-called complex

with respect to this matter. As usual he has given this legislation his careful study.

Mr. GARY. I thank the gentleman.

I am not going to oppose the conference report but I hope these defects can be corrected later.

Mr. MURRAY. Mr. Speaker, will the gentleman yield?

Mr. GARY. I yield.

Mr. MURRAY. I agree entirely with the gentleman's timely observations about the postal policy provisions in title I of the conference report. It should be changed.

Mr. GARY. I thank the gentleman.

The SPEAKER. The time of the gentleman from Virginia has expired.

Mr. MURRAY. Mr. Speaker, I yield 3 minutes to the gentleman from Michigan [Mr. CEDERBERG].

Mr. CEDERBERG. Mr. Speaker, I rise in support of the conference report and to express the hope that it will be overwhelmingly adopted by the House. I say that because I believe it is the best conference report we can get. As I stated in an exchange with the gentleman from California [Mr. ROOSEVELT] a week or so ago, I think it is time we stopped playing politics with this thing, that we started putting something in the postal workers' pockets.

There are, however, certain places where I feel this conference report fails, and I will endeavor to point them out.

First, the 7½ percent increase with a 2½ percent cost of living increase is a fair amount. However, the supervisors are treated differently. They are given only a 1½ percent cost of living increase. I venture to say that this will be the only salary bill to come before Congress in which this discrimination will take place. In the classified bill the increase will be a straight percentage across the board. The military pay bill made no such discrimination. I think the Congress should in the near future attempt to correct this inequity.

Second, as far as rates are concerned the Members of this body will some day learn not to put rate bills and salary bills together, because I believe it gives an opportunity to those who are opposed to postal rate increases an opportunity to delay their enactment and they would like to have delayed it further than this with the result that the postal worker is the one who would suffer.

What happened with this rate bill? We put the first-class rate into effect on the first of August of this year, but the increase in second-class rates do not go into effect until January of 1959, and the new third-class mail rate, the first increment goes into effect not until January of 1959, and the second increase from 2 to 2½ cents will not become effective until July 1, 1960.

I think that is unforgivable, and as far as I am concerned, if it had not been for the fact that the postal workers would suffer I would have been in favor of sending this conference report back where it belong to correct these effective dates as far as these classes of mail are concerned. It just seems to me that we have been lobbied too much by people who are interested in second- and

third-class mail. I am not opposed to second- and third-class mail; I think third-class mail, the kind known as junk mail, does serve a purpose in our economy, but they should at least have the same effective dates as these raises that we are putting into effect on first-class mail on August 1.

I hope this conference report will be adopted, I hope it will be overwhelmingly approved, but I think also that at a later date we ought to have the gump-tion to come in here and do something about advancing the effective date of there rate changes.

GENERAL LEAVE TO EXTEND

Mr. MURRAY. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to extend their remarks on this conference report.

The SPEAKER. Is there objection to the request of the gentleman from Tennessee?

There was no objection.

Mr. BYRNE of Illinois. Mr. Speaker, today's action by our august body is action which I have consistently favored since I came to Congress. In my opinion, the passage of legislation authorizing a 10 percent increase for postal workers is long over due.

In a district like mine, the Third District of Illinois, located in Chicago, I have a great many postal workers and have had first hand opportunity to observe them at work. I know about the high cost of living today and they not only deserve a pay increase but they need it to meet the necessities of life. Meeting the needs and demands of a family in the 20th century is not as easy as it used to be.

Morale is a salient factor in any organization whether it be Government or private enterprise. Factors contributing to low morale should be corrected. I believe that the legislation we have at long last acted upon today will be a step toward better service. None of us deny what a pat on the back or a boost in salary does to people. It certainly generates new interest in our job.

The postal employees in my district are familiar, I believe, with my open support since I have been in Washington. Last session I introduced a bill providing an increase for postal employees in cities like Chicago. I do not pretend to be an authority in postal matters but I did know that we had to have a starting point. Few will disagree with me that it costs more to pay the rent and buy the food in a metropolitan city like Chicago than it does in a small town.

I repeat that it is a rewarding feeling to know that I have contributed to making the salary increase possible for our many, many thousands of loyal postal employees throughout the Nation, and in particular, those employees in my district. The retroactive feature of the bill passed today is merited.

My congratulations to all those who will benefit from the legislation passed today. I am mindful of the postal rate increase problem but it is not my conviction that the committee members or anyone else should continue to quibble

over this matter. Action on pay increases for our postal workers deserved priority consideration. They have been a patient group of employees.

Mr. O'HARA of Illinois. Mr. Speaker, on every occasion since I have been a Member of this body I have fought and voted for pay increases for the humble workers in the Federal service. Those in the high brackets seem to experience no difficulty in getting salary boosts, and I have yet to hear of a Presidential veto in such cases. But to get something for the humble Federal workers is another story. It has been a long, hard fight over a road hurdled with White House opposition and vetoes to get the tiniest of consideration for the underpaid postal workers. I am voting for the conference report, not that I think the pay increase is anywhere near adequate, but because I know if the report is not adopted the matter will end there and the postal workers again will come away only with a zero.

As to the 4-cent stamp, it is bad enough, considering that first-class mail at 3 cents pays its way, but it is a lot less piratical than a 5-cent stamp. In a compromise I suppose everyone has to make concessions. I cannot be stopped from thinking, however, that the new 4-cent stamp should bear the picture of a pirate's flag.

Mr. ROOSEVELT. Mr. Speaker, I find myself in complete accord with the statement previously made by my colleague the gentleman from Michigan [Mr. CEDERBERG]. I have in the past strenuously opposed, and am still opposed, to the raising of the first-class mail rate and of the postal card rate. I regret exceedingly there will be some, unfortunately, who will try to blame the increase in rates on the postal employees. The postal employees should be completely exonerated.

I shall, of course, vote for the conference report, for I feel that the postal pay increases have priority. I shall hope, although I do not have much confidence, that the suggestion of my colleague from Michigan that the other increases in postal rates should be made uniform as to the time of their effectiveness will be acted upon.

In the meantime, I also wish to state that I strongly urge the passage of the classified pay increase at the earliest possible moment.

Mr. SANTANGELO. Mr. Speaker, I rise to support this bill which the conferees have hammered out after many weeks of deliberation.

A hybrid was produced. There are many features which are good and many are bad. In my opinion, the good outweighs the bad, and in view of the fact that if we do not accept this bill now the harassed postal employees will receive no aid for several years.

I for one favored a \$546 increase across the board for all postal employees. My bill would have approximated 12½ percent increase. This conference bill provides for a 10 percent increase for the employees in the first six levels, 2½ percent of which is considered as a cost of living bonus, and 9 percent increase for those in level seven, 1½ percent of which is

considered as cost of living bonus. These provisions are retroactive to January 1, 1958, as they should be. The increases under the conference bill range from \$375 to \$520. The cost of this program will approximate \$265 million.

The provisions with respect to the rate increases are unfair. These are substantially set forth the way the House passed them. The unconscionable charge of 5 cents for a stamp for non-local mail in first-class deliveries was fortunately struck down. The second-class mail was increased to the extent of 30 percent in three stages, while magazines containing advertising matter were increased in three stages at rates of 18 percent. These rate increases shall take effect in January 1959. The burden of carrying the Post Office rests solely upon the users of first-class mail, which is unfair.

The increase in first-class mail will produce an additional \$348 million; the increase in second-class mail will produce approximately \$33 million; the increase in third-class mail will produce approximately \$128 million. The anticipated additional revenue for all classes of mail will be approximately \$527 million.

Statistics show that the first-class mail is self-supporting, but because of a specious theory of intangible factors, it is demonstrated that the first-class mail is losing money. Once again an administration has foisted the burden upon John Q. Public and favored business and industry.

Because of the overriding need of postal workers to obtain a decent wage to meet the rise in the cost of living, I must support this bill, although it contains postal-rate features which are obnoxious and unfair. I would happily favor this bill if all classes of mail became self-supporting and it did not burden the users of first-class mail.

Mr. CUNNINGHAM of Nebraska. Mr. Speaker, I have supported postal pay increase legislation from the very beginning and I support the conference report before us today. However, I am disappointed in the bill for the reason that the temporary increase does not apply to all postal workers. I do not believe we should discriminate against any group of postal employees, and I am hopeful that we can consider and pass legislation during this session of Congress to correct this inequity. I also believe that legislation should be enacted in order to make the second- and third-class mail rates more realistic by making the effective dates apply immediately instead of later as is now the case in the bill before us.

I repeat that I do strongly support the pay bill before us as it is long overdue. I also wish to commend the fine leaders of the various postal organizations who have worked so long in an effort to bring this legislation to a successful conclusion.

Mr. COLMER. Mr. Speaker, this bill has a twofold purpose. It gives a needed increase in pay to the postal employees on the one hand, and, on the other, provides the source of revenue with which to pay it. Therefore, in view of the continued increase in the cost of living, I gladly support it.

Mr. EDMONDSON. Mr. Speaker, like many others in this House, I deplore the fact that postal rates and postal pay must be considered in one bill. They are different matters entirely, and should stand on their own merits.

I do not believe that anyone can question the need for pay increases for our postal employees, and I am glad of the opportunity to vote for them.

On the other hand, while everyone concedes the need for postal rate adjustments between certain classes of mail, there is serious question as to justification of some of these rate increases.

It is regrettable that the parliamentary situation forces us to approve some rate increases which are questionable, in order to get a pay bill passed.

That, however, is our situation, and I earnestly hope we will not meet with it again in our treatment of these problems.

Mr. RAY. Mr. Speaker, I expect to vote to accept the conference report on H. R. 5836. Across-the-board percentage increases are objectionable because they are too high in some parts of the country and not high enough in others, including New York City in which my district is situated. Nevertheless, I support this conference report as presented and hope the report will be adopted and the bill will be signed promptly by the President.

Mr. JOHANSEN. Mr. Speaker, I earnestly support the conference report, urge its adoption by this House, and trust that it will promptly become law.

Of course there are provisions in this report which I wish were not there or which I wish were otherwise. But in its broad terms this conference report gives recognition—long overdue—to the fact that a pay increase and a rate increase are both in order.

In legislation of this type compromise is inevitable if there is to be any positive accomplishment. Any features of this conference report which involve a basic error in principle can be, and I have no doubt will be, corrected by subsequent legislation. The important fact is that there has at long last been accomplishment in the way of realistic recognition that rate and pay increases are both in order.

I recognize the drawbacks which have been involved in linking together the pay and rate legislation. I have never subscribed to the proposition that employees should be denied a justified pay increase because Congress would not meet its responsibility in providing increased postal revenues. At the same time, I am glad the two bills have been tied together insofar as this has involved finally a belated recognition of the obligation of Congress to offset the more than a quarter century increase in operating costs of the Post Office Department with a revenue increase. At last we raise the rates as well as the costs of the Department—which is a victory for honesty and consistency.

With all respect to my colleagues who differ, I do not share the great concern voiced by some over the retroactive feature of the pay bill. I supported a pay increase last year. I see no reason why the increase should not be retroactive

unless it can be demonstrated that justification for the pay increase has developed since January 1 of this year which did not exist then—or even last year.

Of course politics has been played with this issue—and neither side of this House has had a monopoly on the politics. I see no reason why employees of the postal service—for whom we are all so sympathetic today—should be penalized because for political or other arbitrary reasons some were not so sympathetic a year ago.

The pay increase in this conference report is, in substance, identical with the proposal I offered in the House Committee on Post Office and Civil Service earlier this year, and which was rejected by the committee. I am happy that this schedule, including the clear recognition that the hardships of inflated living costs are most severe on those in the lower income groups, has been incorporated in the legislation.

Again I express the hope that the House will overwhelmingly approve the conference report and that it will speedily become law.

Mr. MURRAY. Mr. Speaker, I move the previous question on the conference report.

The previous question was ordered.

Mr. RHODES of Pennsylvania. Mr. Speaker, I offer a motion to recommit.

The SPEAKER. A motion to recommit is not in order on this conference report, because the Senate has already acted. This takes away that right.

Mr. RHODES of Pennsylvania. Mr. Speaker, the conference report fails to establish the necessary basic principle in postal rate legislation contained in the House version of H. R. 5836.

I refer to section 104 (d) of the House bill which was adopted as an amendment on August 13, 1957, by a 171-147 teller vote—CONGRESSIONAL RECORD, pages 13267-13269. The purpose of this amendment was simply to place a \$100,000 limitation on the second-class postal subsidies for any single user of this type of mail.

For that reason I hoped to offer a motion to recommit with instructions to include this subsidy limitation in this bill. Under the present parliamentary situation this is not possible.

As I have pointed out on numerous occasions, the losses to the Post Office Department in handling second-class mail have amounted to more than \$2.5 billion during the past 11 years. The subsidy to the 10 largest circulation magazines in 1 year alone totals more than \$32 million. The modest increases in second-class mail rates provided in the conference report will not even begin to reduce the size of this subsidy to the big publishers. On the contrary, with ever-increasing circulation it will most likely result in an even greater deficit despite the 3 annual 10-percent rate increases. Moreover, the effective date of January 1, 1959, will provide an additional \$12.5 million windfall for the publishers.

Mr. Speaker, a version of the subsidy-limitation amendment was also offered in the Senate on February 27, 1958, co-sponsored by the Senator from Penn-

sylvania [Mr. CLARK] and the Senator from Wisconsin [Mr. PROXMIER]. While the amendment was rejected 33 to 57 on a rollcall vote, I think that it should be pointed out Congress has made no clear-cut decision on the principle of second-class postal subsidy limitation. Adding together the House and Senate votes for and against the 2 subsidy-limitation amendments we see that 204 Members voted for the principle and exactly 204 Members voted against. One amendment was adopted, one was rejected. The conference committee has eliminated the amendment despite the evenly divided votes of those present and voting on the two occasions when it has been presented. In view of the action of the House conferees in dropping this section from the bill, I feel that the Members of the House should be given the opportunity to conclusively act on the principle of subsidy limitation.

During the past several months we have witnessed a propaganda campaign of gigantic proportions, carried on by the magazine publishers lobby against the subsidy-limitation amendment. They have filled the record with distortions and half-truths.

The fact is that the Post Office Department does not consider second-class publishers, subsidy-limitation administratively unworkable. On a nationwide television program the Postmaster General declared that this amendment is not impossible to administer.

The fact is that the subsidy-limitation amendment would not, as has been claimed, vest any life-or-death power over competing publications in the hands of the Postmaster General.

The fact is that subsidy limitation is not an attempt to penalize certain magazines with large circulation. It merely establishes a cutoff point to prevent the continued exorbitant losses to the Department in the handling of this type of mail.

The fact is that most magazine publishers can well afford to pay a fair share of the cost of handling the publications. Financial data which I placed in the RECORD last year shows that most of them are making record profits. Moreover, the additional postage costs resulting from such an amendment could easily be offset by slight increases in their subscription rates. Most publishers have raised their rates in the past 3 months in anticipation of increased second-class rates.

Mr. Speaker, I strongly favor the pay raises for postal workers contained in this bill. They are long overdue. I regret that postal rate and postal pay legislation have been combined because I feel that the two are not related. I want it clearly understood that my only objection to this conference report is based on the continued multimillion dollar subsidies to well-established, profit-making private publishing businesses, not because of the pay raises for postal workers contained in the bill.

I do not believe we should burden the American public with a 4-cent first-class rate unless some type of limitation is placed on these gigantic subsidy handouts to large magazine publishers. After adoption of my publishers sub-

sidy-limitation amendment by the House last year, I voted for the bill on final passage because I felt that a 4-cent first-class rate was then made fair and equitable. A 4-cent first-class rate cannot, in my opinion, be justified without limiting these unwarranted subsidies.

The SPEAKER. The question is on the conference report.

Mr. MURRAY. Mr. Speaker, on that I demand the yeas and nays.

The yeas and nays were ordered.

The question was taken and there were: Yeas 381, nays 0, not voting 48, as follows:

[Roll No. 67]

YEAS—381

Abbutt	Cretella	Hill
Abernethy	Cunningham,	Hoeven
Adair	Iowa	Hoffman
Addonizio	Cunningham,	Holland
Albert	Nebr.	Holmes
Alexander	Curtin	Holt
Alger	Curtis, Mass.	Holtzman
Allen, Ill.	Curtis, Mo.	Horan
Anderson,	Dague	Hosmer
H. Carl	Davis, Ga.	Huddleston
Anderson,	Davis, Tenn.	Hyde
Mont.	Dawson, Utah	Ikard
Andrews	Delaney	Jackson
Anfuso	Dennison	Jarman
Arends	Denton	Jennings
Ashley	Derounian	Jensen
Ashmore	Devereux	Johansen
Aspinall	Diggs	Johnson
Avery	Dingell	Jonas
Ayres	Dixon	Jones, Ala.
Balley	Dollinger	Jones, Mo.
Baker	Donohue	Judd
Baldwin	Dooley	Karsten
Barden	Dorn, N. Y.	Kean
Baring	Dorn, S. C.	Kearns
Barrett	Doyle	Keating
Bass, N. H.	Dwyer	Kee
Bates	Eberharder	Kelly, N. Y.
Baumhart	Edmondson	Keogh
Beamer	Elliott	Kilburn
Becker	Everett	Kilday
Beckworth	Evins	Kilgore
Bennett, Fla.	Fallon	King
Bennett, Mich.	Farbstein	Kirwan
Bentley	Fascell	Kitchin
Berry	Feighan	Knox
Betts	Fenton	Krueger
Blatnik	Fino	Lafore
Blitch	Flood	Laird
Boggs	Flynt	Landrum
Boland	Fogarty	Lane
Bolling	Forand	Lankford
Bolton	Ford	Latham
Bosch	Forrester	LeCompte
Bow	Fountain	Lesinski
Boykin	Frazier	Libonati
Boyle	Frelinghuysen	Lipscomb
Bray	Friedel	Loser
Breeding	Fulton	McCormack
Brooks, Tex.	Garmatz	McCulloch
Broomfield	Gary	McDonough
Brown, Ga.	Gathings	McFall
Brown, Mo.	Gavin	McGovern
Brown, Ohio	George	McGregor
Brownson	Glenn	McIntire
Broyhill	Gordon	McIntosh
Budge	Gray	McMillan
Burleson	Green, Oreg.	McVey
Bush	Green, Pa.	Macdonald
Byrd	Griffin	Machrowicz
Byrne, Ill.	Griffiths	Mack, Ill.
Byrne, Pa.	Gubser	Mack, Wash.
Canfield	Gwinn	Madden
Cannon	Hagen	Magnuson
Carrigg	Hale	Mahon
Cederberg	Haley	Mailliard
Celler	Halleck	Marshall
Chamberlain	Harden	Martin
Chelf	Hardy	Mason
Chenoweth	Harris	Matthews
Chipperfield	Harrison, Nebr.	May
Christopher	Harrison, Va.	Meador
Church	Harvey	Merrrow
Clark	Hays, Ohio	Metcalf
Clevenger	Healey	Michel
Coad	Hébert	Miller, Calif.
Coffin	Hemphill	Miller, Md.
Collier	Henderson	Miller, Nebr.
Cooley	Herlong	Miller, N. Y.
Corbett	Heseltun	Mills
Coudert	Hess	Minshall
Cramer	Hiestand	Mitchell

Montoya	Reuss	Taylor
Moore	Rhodes, Ariz.	Teague, Calif.
Morano	Rhodes, Pa.	Teague, Tex.
Morgan	Riehlman	Teller
Morrison	Rivers	Tewes
Moss	Roberts	Thomas
Moulder	Robison, N. Y.	Thompson, N. J.
Multer	Robison, Ky.	Thompson, Tex.
Mumma	Rodino	Thomson, Wyo.
Murray	Rogers, Col.	Thornberry
Natcher	Rogers, Fla.	Tollefson
Neal	Rogers, Mass.	Tuck
Nicholson	Rogers, Tex.	Udall
Nimtz	Rooney	Ullman
Norblad	Roosevelt	Utt
Norrell	Rutherford	Vanik
O'Brien, Ill.	Sadlak	Van Pelt
O'Brien, N. Y.	Santangelo	Van Zandt
O'Hara, Ill.	St. George	Vinson
O'Hara, Minn.	Saund	Vorys
O'Konski	Saylor	Vursell
O'Neill	Schenck	Wainwright
Osmers	Scherer	Walter
Ostertag	Schwengel	Weaver
Passman	Scott, Pa.	Westland
Patman	Scrivner	Wharton
Patterson	Scudder	Whitener
Pelly	Seely-Brown	Whitten
Perkins	Selden	Widnall
Pfost	Sheehan	Wier
Philbin	Shelley	Wigglesworth
Pilcher	Sikes	Williams, Miss.
Pillion	Simpson, Ill.	Williams, N. Y.
Poage	Simpson, Pa.	Willis
Poff	Sisk	Wilson, Calif.
Polk	Smith, Calif.	Wilson, Ind.
Porter	Smith, Kans.	Winstead
Preston	Smith, Miss.	Withrow
Price	Smith, Va.	Wolverton
Prouty	Spence	Wright
Quile	Springer	Yates
Rabaut	Staggers	Young
Rains	Stauffer	Younger
Ray	Steed	Zablocki
Reece, Tenn.	Sullivan	Zelenko
Reed	Taber	
Rees, Kans.	Talle	

NOT VOTING—48

Allen, Calif.	Durham	Knutson
Auchincloss	Engle	Lennon
Bass, Tenn.	Fisher	McCarthy
Belcher	Granahan	Morris
Bonner	Grant	Powell
Brooks, La.	Gregory	Radwan
Buckley	Gross	Riley
Burdick	Haskell	Robeson, Va.
Byrnes, Wis.	Hays, Ark.	Scott, N. C.
Carnahan	Hillings	Sheppard
Colmer	Holifield	Shuford
Dawson, Ill.	Hull	Sieminski
Dellay	James	Siler
Dent	Jenkins	Thompson, La.
Dies	Kearney	Trimble
Dowdy	Kluczynski	Watts

So the conference report was agreed to.

The Clerk announced the following pairs:

Mr. Colmer with Mr. Allen of California.
 Mr. Buckley with Mr. Kearney.
 Mr. Hull with Mr. Auchincloss.
 Mr. Scott of North Carolina with Mr. Gross.
 Mr. Lennon with Mr. Haskell.
 Mr. Durham with Mr. James.
 Mr. Robeson with Mr. Siler.
 Mr. Dawson of Illinois with Mr. Burdick.
 Mr. Engle with Mr. Radwan.
 Mrs. Granahan with Mr. Byrnes of Wisconsin.

Mr. McCarthy with Mr. Belcher.

Mr. Dent with Mr. Jenkins.

Mr. Brooks of Louisiana with Mr. Hillings.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

CORRECTION OF ROLL CALL

Mr. KILBURN. Mr. Speaker, on roll-call No. 65, I am not listed as among those who failed to answer to their names. I was absent and did not answer to my name, and I ask unanimous con-

sent that the RECORD and Journal be corrected accordingly.

The SPEAKER. Without objection, the RECORD and Journal will be corrected accordingly.

There was no objection.

FURTHER MESSAGE FROM THE SENATE

A further message from the Senate, by Mr. Carroll, one of its clerks, announced that the Senate had passed a concurrent resolution of the following title, in which the concurrence of the House is requested:

S. Con. Res. 90. Concurrent resolution authorizing the purchase of floral wreaths to be placed in the rotunda of the Capitol for the ceremonies in connection with the Unknown Soldiers.

CORRECTION OF THE RECORD

Mr. POLK. Mr. Speaker, I ask unanimous consent to correct the permanent RECORD. In an extension of remarks which I inserted in the RECORD on May 21, 1958, page A4685, the second sentence should read:

Mr. Speaker, the Chicago Daily Drovers Journal is one of the oldest and most respected journals in the livestock industry. In the April 14, 1958, issue of the Drovers Journal there appeared an editorial on the controversial livestock checkoff legislation currently under consideration by the House Agriculture Committee.

No matter on which side of this controversy one finds himself, this editorial is worth reading, for it expresses the views of a very important spokesman for the livestock industry in the Middle West.

Under leave to extend my remarks, I am including the Drovers Journal editorial entitled "Meat Promotion Up Again."

I ask unanimous consent that the permanent RECORD be corrected accordingly.

The SPEAKER. Is there objection to the request of the gentleman from Ohio?

There was no objection.

Mr. ASHLEY. Mr. Speaker, I ask unanimous consent to correct the permanent RECORD. In my remarks on May 15, page 7960, the last column, under the heading, "Correction of Rollcalls," the RECORD shows "rollcalls Nos. 47 and 48." It should have been "rollcalls Nos. 27 and 28."

I ask unanimous consent, Mr. Speaker, that the permanent RECORD be corrected accordingly.

The SPEAKER. Is there objection to the request of the gentleman from Ohio?

There was no objection.

ADMISSION OF THE STATE OF ALASKA INTO THE UNION

Mr. ASPINALL. Mr. Speaker, by direction of the Committee on Interior and Insular Affairs, I move that the House resolve itself into the Committee of the Whole House on the State of the Union for the further consideration of the bill (H. R. 7999) to provide for the admission of the State of Alaska into the Union; and pending that I ask unanimous consent that further general debate be limited to the balance of today, all of tomorrow, and until 2 p. m. on Monday, May 26; one-half of the time to be con-

trolled by the gentleman from Nebraska [Mr. MILLER] and one-half by the gentleman from New York [Mr. O'BRIEN].

The SPEAKER. Is there objection to the request of the gentleman from Colorado?

Mr. SMITH of Virginia. Mr. Speaker, reserving the right to object, there is great interest in this bill, and there are a great many Members who would like to be heard. I wish the gentleman would not make that request today. We will try to get along the best we can. I hope the gentleman will not insist on the unanimous-consent request at this time.

Mr. ASPINALL. The gentleman from Colorado does not insist on his request. He understands the position of the gentleman from Virginia.

Mr. SMITH of Virginia. Mr. Speaker, I am compelled to object.

The SPEAKER. The question is on the motion.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the State of the Union for the further consideration of the bill H. R. 7999, with Mr. MILLS in the chair.

The Clerk read the title of the bill.

Mr. SAYLOR. Mr. Chairman, I seek recognition.

The CHAIRMAN. The gentleman from Pennsylvania is recognized for 1 hour or any part thereof.

(Mr. SAYLOR asked and was given permission to revise and extend his remarks.)

Mr. SAYLOR. Mr. Chairman, 97 years ago, on February 22, 1861, a new American flag was raised over Independence Hall in the city of Philadelphia. That flag was new because it had in it an additional star for the 34th State to enter our Union. Kansas had become a State on January 29, 1861. Significant enough, Kansas had only been an organized Territory for 7 short years, since May 30, 1854.

As he raised that new flag with 34 stars, one of the greatest Americans of all times, President-elect Abraham Lincoln said:

I think we may promise ourselves that not only the new star placed upon that flag shall be permitted to remain there to our permanent posterity for years to come, but additional ones shall from time to time be placed there until we shall number, as it is anticipated by the great historian, 500 millions of happy and prosperous people.

Mr. Chairman, Alaska became a Territory only 6 years after that prophetic statement by Abraham Lincoln. It has been an organized Territory since 1912, longer than any other Territory in the history of this country; yet we are still engaged in trying to pass a bill to admit the Territory of Alaska to the sisterhood of States.

The question of statehood for Alaska has been before the Congress for 40 years, since 1916 when Alaska's great and foresighted Delegate, Judge James Wickersham, introduced the first statehood bill. At no time has this matter been of greater urgency than today when this thoroughly American Territory humbly but insistently knocks at the door of the Union. Simple justice demands that we



AN ACT

To establish a postal policy, to adjust postal rates, to adjust the compensation of postal employees, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

TITLE I—POSTAL POLICY

SHORT TITLE

SEC. 101. This title may be cited as the "Postal Policy Act of 1958". Postal Policy
Act of 1958.

FINDINGS

SEC. 102. The Congress hereby finds that—

(1) the postal establishment was created to unite more closely the American people, to promote the general welfare, and to advance the national economy;

(2) the postal establishment has been extended and enlarged through the years into a nationwide network of services and facilities for the communication of intelligence, the dissemination of information, the advancement of education and culture, and the distribution of articles of commerce and industry. Furthermore, the Congress has encouraged the use of these broadening services and facilities through reasonable and, in many cases, special postal rates;

(3) the development and expansion of these several elements of postal service, under authorization by the Congress, have been the impelling force in the origin and growth of many and varied business, commercial, and industrial enterprises which contribute materially to the national economy and the public welfare and which depend upon the continuance of these elements of postal service;

(4) historically and as a matter of public policy there have evolved, in the operations of the postal establishment authorized by the Congress, certain recognized and accepted relationships among the several classes of mail. It is clear, from the continued expansion of the postal service and from the continued encouragement by the Congress of the most widespread use thereof, that the postal establishment performs many functions and offers its facilities to many users on a basis which can only be justified as being in the interest of the national welfare;

(5) while the postal establishment, as all other Government agencies, should be operated in an efficient manner, it clearly is not a business enterprise conducted for profit or for raising general funds, and it would be an unfair burden upon any particular user or class of users of the mails to compel them to bear the expenses incurred by reason of special rate considerations granted or facilities provided to other users of the mails, or to underwrite those expenses incurred by the postal establishment for services of a nonpostal nature; and

(6) the public interest and the increasing complexity of the social and economic fabric of the Nation require an immediate, clear, and affirmative declaration of congressional policy with respect to the activities of the postal establishment including those of a public service nature as the basis for the creation and

72 Stat. 134.

72 Stat. 135.

maintenance of a sound and equitable postal-rate structure which will assure efficient service, produce adequate postal revenues, and stand the test of time.

DECLARATION OF POLICY

SEC. 103. (a) The Congress hereby emphasizes, reaffirms, and re-states its function under the Constitution of the United States of forming postal policy.

(b) It is hereby declared to be the policy of the Congress, as set forth in this title—

(1) that the post office is a public service;

(2) to provide a more stable basis for the postal-rate structure through the establishment of general principles, standards, and related requirements with respect to the determination and allocation of postal revenues and expenses; and

(3) in accordance with these general principles, standards, and related requirements, to provide a means by which the postal-rate structure may be fixed and adjusted by action of the Congress, from time to time, as the public interest may require, in the light of periodic reviews of the postal-rate structure, periodic studies and surveys of expenses and revenues, and periodic reports, required to be made by the Postmaster General as provided by section 105 of this title.

(c) The general principles, standards, and related requirements referred to in subsection (b) of this section are as follows:

(1) In the determination and adjustment of the postal-rate structure, due consideration should be given to—

(A) the preservation of the inherent advantages of the postal service in the promotion of social, cultural, intellectual, and commercial intercourse among the people of the United States;

(B) the development and maintenance of a postal service adapted to the present needs, and adaptable to the future needs, of the people of the United States;

(C) the promotion of adequate, economical, and efficient postal service at reasonable and equitable rates and fees;

(D) the effect of postal services and the impact of postal rates and fees on users of the mails;

(E) the requirements of the postal establishment with respect to the manner and form of preparation and presentation of mailings by the users of the various classes of mail service;

(F) the value of mail;

(G) the value of time of delivery of mail; and

(H) the quality and character of the service rendered in terms of priority, secrecy, security, speed of transmission, use of facilities and manpower, and other pertinent service factors.

72 Stat. 135.

72 Stat. 136.

(2) The acceptance, transportation, and delivery of first-class mail constitutes a preferred service of the postal establishment and, therefore, the postage for first-class mail should be sufficient to cover (A) the entire amount of the expenses allocated to first-class mail in accordance with this title and (B) an additional amount representing the fair value of all extraordinary and preferential services, facilities, and factors relating thereto.

(3) Those services, elements of service, and facilities rendered and provided by the postal establishment in accordance with law, including services having public service aspects, which, in whole or in part, are held and considered by the Congress from time to time to be public services for the purposes of this title shall be administered on the following basis:

(A) the sum of such public service items as determined by the Congress should be assumed directly by the Federal Government and paid directly out of the general fund of the Treasury and should not constitute direct charges in the form of rates and fees upon any user or class of users of such public services, or of the mails generally; and

(B) nothing contained in any provision of this title should be construed as indicating any intention on the part of the Congress (i) that such public services, or any of them, should be limited or restricted or (ii) to derogate in any way from the need and desirability thereof in the public interest.

(4) Postal rates and fees shall be adjusted from time to time as may be required to produce the amount of revenue approximately equal to the total cost of operating the postal establishment less the amount deemed to be attributable to the performance of public services under section 104 (b) of this title.

IDENTIFICATION OF AND APPROPRIATIONS FOR PUBLIC SERVICES

SEC. 104. (a) The following shall be considered to be public services for the purposes of this title—

(1) the total loss resulting from the transmission of matter in the mails free of postage or at reduced rates of postage as provided by statute, including the following:

(A) paragraph (3) of subsection (a) of section 202 of the Act of February 28, 1925 (39 U. S. C. 283 (a) (3)), relating to reduced rates of postage on newspapers or periodicals of certain nonprofit organizations; 43 Stat. 1066.

(B) sections 5 and 6 of the Act of March 3, 1877 (39 U. S. C. 321), relating to official mail matter of the Pan American Union sent free through the mails; 19 Stat. 335.

(C) section 25 of the Act of March 3, 1879, as amended (39 U. S. C. 286), and subsection (b) of section 2 of the Act of October 30, 1951 (39 U. S. C. 289a (b)), relating to free-in-county mailing privileges; 20 Stat. 361. 65 Stat. 673.

(D) the Act of April 27, 1904 (33 Stat. 313), the last paragraph under the heading "Office of the Third Assistant Postmaster General" contained in the first section of the Act of August 24, 1912 (37 Stat. 551), and the Joint Resolution of June 7, 1924 (43 Stat. 668; Pub. Res., No. 33, Sixty-eighth Congress), as contained in the Act of October 14, 1941 (55 Stat. 737; Public Law 270, Seventy-seventh Congress), and as further amended by the Act of September 7, 1949 (63 Stat. 690), relating to free postage and reduced postage rates on reading matter and other articles for the blind (39 U. S. C. 331); 39 USC 331. 39 USC 331. 72 Stat. 136. 72 Stat. 137.

(E) the Act of February 14, 1929 (39 U. S. C. 336), granting free mailing privileges to the diplomatic corps of the countries of the Pan American Postal Union; 45 Stat. 1177.

(F) the Act of April 15, 1937 (39 U. S. C. 293c), granting reduced rates to publications for use of the blind; 50 Stat. 66.

54 Stat. 695.

(G) the Act of June 29, 1940 (39 U. S. C. 321-1), granting free mailing privileges to the Pan American Sanitary Bureau;

(H) the Act of May 7, 1945 (59 Stat. 707), and other provisions of law granting free mailing privileges to individuals;

(I) the second and third provisos of subsection (a) of section 2 of the Act of October 30, 1951 (65 Stat. 672; 39 U. S. C. 289a (a)), granting reduced second-class postage rates to publications of certain organizations;

(J) the last proviso of section 3 of the Act of October 30, 1951 (65 Stat. 673; 39 U. S. C. 290a-1), granting reduced third-class postage rates to certain organizations;

69 Stat. 588.

(K) section 302 of The Federal Voting Assistance Act of 1955 (5 U. S. C. 2192), granting free postage, including free airmail postage, to post cards, ballots, voting instructions, and envelopes transmitted in the mails under authority of such Act; and

62 Stat. 1263, 1264.

(L) section 204 (d) and (e) of the Postal Rate Revision and Federal Employees Salary Act of 1948, as amended (39 U. S. C. 292a (d) and (e)), including the amendment made by section 206 of this Act.

(2) the loss resulting from the operation of such prime and necessary public services as the star route system and third- and fourth-class post offices;

(3) the loss incurred in performing nonpostal services, such as the sale of documentary stamps for the Department of the Treasury;

(4) the loss incurred in performing special services such as cash on delivery, insured mail, special delivery, and money orders; and

(5) the additional cost of transporting United States mail by foreign air carriers at a Universal Postal Union rate in excess of the rate prescribed for United States carriers.

Appropriation.

(b) There is hereby authorized to be appropriated to the revenues of the Post Office Department for each fiscal year from any money in the Treasury not otherwise appropriated an amount, which shall be deemed to be attributable to the public services enumerated under subsection (a) of this section, equal to the total estimated expenditures of the Post Office Department for the year for such public services as determined by the Congress in the appropriation Act based upon budget estimates submitted to the Congress. Such appropriations shall be available to enable the Postmaster General to pay in postal revenues at quarterly or other intervals such sums as may be necessary to reimburse the Post Office Department for such amount attributable to public services.

REVIEWS, STUDIES, SURVEYS, AND REPORTS OF POSTMASTER GENERAL

SEC. 105. (a) The Postmaster General is authorized and directed to initiate and conduct, through the facilities of the postal establishment, either on a continuing basis or from time to time, as he deems advisable, but not less often than every two years, a review of the postal-rate structure and a study and survey of the expenses incurred and the revenues received in connection with the several classes of mail, and the various classes and kinds of services and facilities provided by the postal establishment, in order to determine, on the basis of such review, study, and survey for each class and kind of service

72 Stat. 137.

72 Stat. 138.

or facility provided by the postal establishment, the need for adjustment of postal rates and fees in accordance with the policy set forth in this title.

(b) The Postmaster General shall submit to the Senate and the House of Representatives not later than April 15 of each alternate fiscal year, beginning with the fiscal year ending June 30, 1960, a report of the results of the review, study, and survey conducted pursuant to subsection (a) of this section. Such report shall include—

Report to
Congress.

(1) information with respect to expenses and revenues which is pertinent to the allocation of expenses and the determination and adjustment of postal rates and fees in accordance with the policy set forth in this title; and

(2) such other information as is necessary to enable the Congress, or as may be required by the Congress or an appropriate committee thereof, to carry out the purposes of this title.

EFFECT ON FOURTH-CLASS MAIL RATES

SEC. 106. The provisions of this title shall not require any downward adjustment in rates of postage on fourth-class mail existing on the date of enactment of this Act.

TITLE II—POSTAL RATE INCREASES

SHORT TITLE

SEC. 201. This title may be cited as the "Postal Rate Increase Act, 1958".

Postal Rate
Increase Act,
1958.

FIRST-CLASS MAIL

SEC. 202. (a) That part of the first section of the Joint Resolution of June 30, 1947 (61 Stat. 213; 39 U. S. C. 280), which precedes the proviso, is amended by striking out "3 cents" and inserting in lieu thereof "4 cents".

(b) Section 1 of the Act of October 30, 1951 (65 Stat. 672; 39 U. S. C. 280), as amended, is further amended—

(1) by striking out "2 cents" wherever appearing in subsection (a) and inserting in lieu thereof "3 cents"; and

(2) by striking out "2 cents" in subsection (b) and inserting in lieu thereof "3 cents".

DOMESTIC AIRMAIL

SEC. 203. Section 201 of the Postal Rate Revision and Federal Employees Salary Act of 1948 (62 Stat. 1261; 39 U. S. C. 463a) is amended—

(1) by striking out "6 cents" in the first sentence and inserting in lieu thereof "7 cents"; and

(2) by striking out "4 cents" in the second sentence and inserting in lieu thereof "5 cents".

SECOND-CLASS MAIL

SEC. 204 (a) Section 2 (a) of the Act of October 30, 1951 (65 Stat. 672; 39 U. S. C. 289a), is amended by striking out the word "and" preceding clause (3) and by inserting immediately before the colon which precedes the first proviso a comma and the following: "and

(4) such postage is further adjusted to the amounts set forth in the following table, on the dates specified:

	January 1, 1959 (cents per pound or fraction thereof)	January 1, 1960 (cents per pound or fraction thereof)	January 1, 1961 (cents per pound or fraction thereof)
Nonadvertising portion.....	2.1	2.3	2.5
Advertising portion:			
First and second zones.....	2.2	2.6	3.0
Third zone.....	3.0	3.5	4.0
Fourth zone.....	4.5	5.2	6.0
Fifth zone.....	6.0	7.0	8.0
Sixth zone.....	7.7	8.7	10.0
Seventh zone.....	9.2	11.0	12.0
Eighth zone.....	11.0	12.5	14.0

65 Stat. 673.
39 USC 289a.

(b) Section 2 (c) of such Act of October 30, 1951, is amended by striking out "one-eighth of 1 cent" and inserting in lieu thereof "one-fourth of 1 cent effective January 1, 1959, three-eighths of 1 cent effective January 1, 1960, and one-half of 1 cent effective January 1, 1961, except that (1) in no case shall the postage on each individually addressed copy mailed by the organizations listed, and for the purposes prescribed, in the second and third provisos of subsection (a) of this section be less than one-eighth of 1 cent and (2) the per copy rates prescribed for publications covered by section 25 of the Act of March 3, 1879, as amended (39 U. S. C. 286), shall be continued".

20 Stat. 361.
39 USC 289a.

(c) Section 2 (d) of such Act of October 30, 1951, is amended by striking out the words "two ounces" where they appear the second time and inserting in lieu thereof the word "ounce".

(d) The third clause of section 14 of the Act of March 3, 1879, as amended (39 U. S. C. 226), is amended to read as follows:

"Third. It must be formed of printed sheets: Provided, That publications produced by the stencil, mimeograph, or hectograph process or in imitation of typewriting shall not be regarded as printed within the meaning of this clause."

43 Stat. 1066.

(e) Section 202 (a) of the Act of February 28, 1925, as amended (39 U. S. C. 283), is amended by adding at the end thereof the following new paragraph:

"(4) For the purpose of this section, the portion of a publication devoted to advertisements shall include all advertisements inserted in such publication and attached permanently thereto."

CONTROLLED CIRCULATION PUBLICATIONS

(f) Section 203 of the Postal Rate Revision and Federal Employees Salary Act of 1948 (62 Stat. 1262; 39 U. S. C. 291b), is amended—

(1) by striking out "10 cents a pound or fraction thereof" and inserting in lieu thereof "12 cents a pound or fraction thereof regardless of the weight of the individual copies"; and

(2) by adding at the end thereof a new sentence reading "The rates provided in this section shall remain in effect until otherwise provided by the Congress."

THIRD-CLASS MAIL

SEC. 205. Section 3 of the Act of October 30, 1951 (65 Stat. 673; 39 U. S. C. 290a-1), is amended—

(1) by striking out so much of such section as precedes the first proviso and inserting in lieu thereof the following: "The rate of

postage on third-class matter shall be 3 cents for the first two ounces or fraction thereof, and 1½ cents for each additional ounce or fraction thereof up to but not including sixteen ounces in weight:";

(2) in the first proviso contained in such section, by striking out "\$10" and inserting in lieu thereof "\$20";

(3) in the second proviso contained in such section—

(A) by striking out "14 cents" and inserting in lieu thereof "16 cents"; and

(B) by striking out "1 cent" wherever appearing therein and inserting in lieu thereof "2 cents when mailed prior to July 1, 1960, and 2½ cents when mailed on or after such date";

(4) by striking out the third proviso contained in such section;

(5) in the fourth proviso contained in such section, by striking out "3 cents" and inserting in lieu thereof "6 cents"; and

(6) by striking out the last proviso and inserting in lieu thereof the following: "*And provided further, That on and after January 1, 1959, the rates of postage on third-class matter mailed by religious, educational, scientific, philanthropic, agricultural, labor, veterans', or fraternal organizations or associations, not organized for profit and none of the net income of which inures to the benefit of any private stockholder or individual, shall be the rates prescribed by this section, except that the minimum charge per piece for third-class matter mailed in bulk by such organizations or associations shall be 50 per centum of the minimum charge prescribed by this section for such mailings.*"

FOURTH-CLASS MAIL

SEC. 206. (a) Section 204 (a) of the Postal Rate Revision and Federal Employees Salary Act of 1948 (39 U. S. C. 292a (a)), as amended, is amended by striking out the words "over eight ounces" wherever they appear and inserting in lieu thereof "sixteen ounces or over". 62 Stat. 1262.

(b) Sections 204 (d) and (e) of such Act (39 U. S. C. 292a (d) and (e)) are amended to read as follows:

"(d) The following materials when in parcels not exceeding seventy pounds in weight may be sent at the postage rate of 9 cents for the first pound and 5 cents for each additional pound or fraction thereof, and this rate shall continue until otherwise provided by the Congress: (1) books permanently bound for preservation consisting wholly of reading matter or scholarly bibliography or reading matter with incidental blank spaces for students' notations and containing no advertising matter other than incidental announcements of books; (2) sixteen-milliméter films and sixteen-millimeter film catalogs except when sent to commercial theaters; (3) printed music whether in bound form or in sheet form; (4) printed objective test materials and accessories thereto used by or in behalf of educational institutions in the testing of ability, aptitude, achievement, interests, and other mental and personal qualities with or without answers, test scores, or identifying information recorded thereon in writing or by mark; (5) phonograph recordings; and (6) manuscripts for books, periodical articles, and music.

"(e) (1) The following materials when in parcels not exceeding seventy pounds in weight when loaned or exchanged between (A) schools, colleges, or universities and (B) public libraries, religious, educational, scientific, philanthropic, agricultural, labor, veterans',

or fraternal organizations or associations not organized for profit and none of the net income of which inures to the benefit of any private stockholder or individual, or between such organizations and their members or readers or borrowers, shall be charged with postage at the rate of 4 cents for the first pound and 1 cent for each additional pound or fraction thereof, except that the rates now or hereafter prescribed for third- or fourth-class matter shall apply in every case where such rate is lower than the rate prescribed in this subsection, and this rate shall continue until otherwise provided by the Congress: (i) books consisting wholly of reading matter or scholarly bibliography or reading matter with incidental blank spaces for students' notations and containing no advertising matter other than incidental announcements of books; (ii) printed music, whether in bound form or in sheet form; (iii) bound volumes of academic theses in typewritten or other duplicated form and bound volumes of periodicals; (iv) phonograph recordings; and (v) other library materials in printed, duplicated, or photographic form or in the form of unpublished manuscripts.

"(2) The rate provided in paragraph (1) for books may apply to sixteen-millimeter films, filmstrips, transparencies for projection and slides, microfilms, sound recordings, and catalogs of such material when sent in parcels not exceeding seventy pounds in weight to or from (A) schools, colleges, or universities and (B) public libraries, religious, educational, scientific, philanthropic, agricultural, labor, veterans', or fraternal organizations or associations, not organized for profit and none of the net income of which inures to the benefit of any private stockholder or individual.

"(3) Public libraries, organizations, or associations, before being entitled to the rates specified in paragraphs (1) and (2) of this subsection, shall furnish to the Postmaster General, under such regulations as he may prescribe, satisfactory evidence that none of their net income inures to the benefit of any private stockholder or individual."

(c) (1) The first section of the Act entitled "An Act to readjust the size and weight limitations on fourth-class (parcel post) mail", approved October 24, 1951 (65 Stat. 610; 39 U. S. C. 240a), is amended by striking out the words "over eight ounces" each place they appear therein and inserting in lieu thereof the words "sixteen ounces or over".

(2) Section 207 (a) of the Act of February 28, 1925 (39 U. S. C. 240), as amended, is amended by striking out the words "in excess of eight ounces" and inserting in lieu thereof the words "sixteen ounces or over".

BOOKS FOR THE BLIND

SEC. 207. The Act entitled "An Act to further amend the Acts for promoting the circulation of reading matter among the blind", approved October 14, 1941 (55 Stat. 737), is amended by inserting immediately after "for which no subscription fee is charged" a semicolon and the following: "books, or pages thereof, in raised characters, whether prepared by hand or printed, which contain no advertisements, when furnished by any person to a blind person without cost to such blind person".

SUBSCRIPTION ORDER, BILL, AND RECEIPT FORMS

SEC. 208. The final clause in the first sentence of the Act of January 20, 1888 (25 Stat. 1; 39 U. S. C. 249), is amended by striking out the

following: "but the same shall be in such form as to convey no other information than the name, place of publication, subscription price of the publication to which they refer and the subscription due thereon".

STUDIES AND REPORTS WITH RESPECT TO THIRD-CLASS BULK RATE INCREASES

SEC. 209. (a) The Secretary of Commerce and the Administrator of the Small Business Administration each is authorized and directed to initiate and conduct, through the facilities and personnel of his department or agency, as soon as practicable after July 1, 1959, a separate study of the increases in the rates of postage in third-class bulk mail matter under the amendments made by section 205 (3) (A) and (B) of this title, in order to determine the effect of such increases on small business enterprises and on the users of the mails and the national economy generally.

(b) The Secretary of Commerce and the Administrator of the Small Business Administration each shall submit to the Senate and House of Representatives on or before March 1, 1960, a separate report of the results of the study conducted by him under subsection (a) of this section, together with such recommendations as may be necessary and appropriate.

Reports to
Congress.

INVESTIGATION AND STUDY BY POSTMASTER GENERAL OF DIMENSIONAL CATEGORIES FOR FIRST- AND THIRD-CLASS MAIL ENVELOPES

SEC. 210. (a) The Postmaster General is authorized and directed to conduct a thorough investigation and study of the feasibility and desirability of—

(1) the establishment, by regulation of the Postmaster General, of such number of categories (but not less than two categories) of specified length and width dimensions for envelopes to be used for the transmission of first-class and third-class mail, as the Postmaster General may determine to be necessary or desirable to increase the efficient handling of the mail; and

(2) the establishment of an additional charge on any such mail transmitted in an envelope which does not conform in length and width to one of such dimensional categories for envelopes.

(b) The Postmaster General shall submit to the Senate and House of Representatives, on or before February 1, 1959, a report of the results of such investigation and study, together with his recommendations with respect thereto, including his recommendations for any necessary legislation.

Report to
Congress.

DETERMINATION OF CLASS OF POST OFFICE AND COMPENSATION OF POSTMASTER AND CERTAIN EMPLOYEES

SEC. 211. No part of the gross postal receipts of any post office, which are determined in accordance with estimates of the Postmaster General to be attributable to the increases in postage rates provided by this Act, shall be counted for the purpose of determining the classes of the respective post offices and the compensation and allowances of postmasters and other employees whose compensation or allowances are based on the annual gross receipts of such post offices. Nothing contained in this section shall operate to relegate a post office to a class or receipts category below the class or receipts category to which such post office may be assigned on the basis of gross postal

receipts accruing during the last complete calendar year prior to the date of enactment of this Act or, in the case of a post office which was in existence on such date of enactment but which was not in existence during the whole of such calendar year, on the basis of gross postal receipts accruing during the last quarter prior to the date of enactment of this Act.

SALARY STEP INCREASES

69 Stat. 122.

SEC. 212. (a) Subsection (a) of section 401 of the Postal Field Service Compensation Act of 1955, as amended (39 U. S. C. 981 (a)), is amended by striking out "salary level PFS-9 or a lower salary level of".

Repeal.

(b) Subsection (b) of such section (39 U. S. C. 981 (b)) is repealed.

CONDITIONS PRECEDENT TO WITHDRAWAL FROM GENERAL FUND OF TREASURY

SEC. 213. That part of the paragraph under the heading "General Provisions" under the appropriations for the Post Office Department contained in chapter IV of the Supplemental Appropriation Act, 1951 (64 Stat. 1050; 31 U. S. C. 695), which precedes the proviso is amended by striking out "the receipt of revenue from fourth-class mail service sufficient to pay the cost of such service" and inserting in lieu thereof "(1) that the revenues from fourth-class mail service will not exceed by more than 4 per centum the costs thereof and (2) that the costs of such fourth-class mail service will not exceed by more than 4 per centum the revenues therefrom".

REPEALS

46 Stat. 523.

SEC. 214. (a) The following provisions of law are hereby repealed—

(1) The Act of June 9, 1930 (39 U. S. C. 793), relating to certification of estimated amounts of postage that would have been collected on certain free or reduced-rate mailings, which the Postmaster General is required to make to the Secretary of the Treasury and to the Comptroller General of the United States;

(2) Paragraph (4) of section 202 (a) of the Act of February 28, 1925 (45 Stat. 941; 39 U. S. C. 283 (4));

(3) Section 202 (b) of the Act of February 28, 1925 (43 Stat. 1066; 39 U. S. C. 283 (b)); and

(4) Section 204 of the Act of February 28, 1925 (43 Stat. 1067; 39 U. S. C. 288).

5 USC 2254(a).

(b) The last sentence of section 4 (a) of the Civil Service Retirement Act as contained in the Civil Service Retirement Act Amendments of 1956 (70 Stat. 747) is hereby repealed, and hereafter the amounts contributed by the Post Office Department to the civil service retirement and disability fund in compliance with such section 4 (a) of the Civil Service Retirement Act shall be considered as costs of providing postal service for the purpose of establishing postal rates.

EFFECTIVE DATES

SEC. 215. (a) The provisions of this section and sections 201, 204 (d), 204 (e), 209, 210, 211, 212, 213, and 214 (a) (1), (2), and (4) of this title shall become effective on the date of enactment of this Act.

(b) The provisions of sections 202, 203, 204 (c), 204 (f), 205 (1),

205 (5), and 206 of this title shall become effective on the first day of the first month which begins at least 40 days after the date of enactment of this Act.

(c) The provisions of section 204 (a) and (b) of this title shall become effective as provided in such section 204 (a) and (b).

(d) The provisions of sections 205 (2), 205 (3), 205 (4), 205 (6), and 214 (a) (3) of this title shall become effective on January 1, 1959.

(e) The provisions of sections 207 and 208 of this title shall become effective on July 1, 1958.

(f) The provisions of section 214 (b) of this title shall become effective as of the effective date of the Civil Service Retirement Act Amendments of 1956.

5 USC 2251
note.

TITLE III—POSTAL MODERNIZATION FUND

ESTABLISHMENT OF FUND

SEC. 301. There is hereby established in the Treasury of the United States a fund to be known as the "Postal Modernization Fund" (hereafter referred to as the "Fund").

APPROPRIATIONS TO FUND

SEC. 302. There are hereby authorized to be appropriated and paid into the Fund such sums as may be necessary during each fiscal year, beginning with the fiscal year ending June 30, 1959 and ending with the fiscal year ending June 30, 1961, to carry out the purposes of this title.

EXPENDITURE FROM FUND

SEC. 303. Moneys paid into the Fund, together with any income thereof under section 304 (b) or otherwise, shall be available until expended for obligation by the Postmaster General for the purpose of conducting research, either directly or through private or other organizations, and for the purpose of developing, acquiring, and placing into operation improved equipment and facilities for the performance of the postal function.

MANAGEMENT OF FUND

SEC. 304. (a) It shall be the duty of the Secretary of the Treasury to hold the Fund, and (after consultation with the Postmaster General) report to the Congress not later than the first day of January of each year (beginning with 1960) on the financial condition of the Fund as of the end of the next preceding fiscal year.

Report to
Congress.

(b) It shall be the duty of the Secretary of the Treasury to invest such portion of the Fund as is not, in his judgment, after consultation with the Postmaster General, required to meet current withdrawals. Such investments may be made only in interest-bearing obligations of the United States or in obligations guaranteed as to both principal and interest by the United States.

REPORT OF POSTMASTER GENERAL

SEC. 305. The Postmaster General shall include in his annual report to the President for each year a detailed report of his activities during such year under this title.

Report to
Congress.

TITLE IV—INCREASES IN COMPENSATION OF POSTAL EMPLOYEES

SEC. 401. The Postal Field Service Compensation Act of 1955, approved June 10, 1955 (Public Law 68, Eighty-fourth Congress), is hereby amended as follows:

70 Stat. 741.
39 USC 971.

(a) In section 301 (a) strike out the Postal Field Service Schedule and insert the following schedule:

“POSTAL FIELD SERVICE SCHEDULE

Level	Per annum rates and steps						
	1	2	3	4	5	6	7
1-----	\$3,095	\$3,205	\$3,315	\$3,425	\$3,535	\$3,645	\$3,755
Temporary rate-----	3,170	3,285	3,400	3,515	3,630	3,745	3,860
2-----	3,320	3,435	3,550	3,665	3,780	3,895	4,010
Temporary rate-----	3,405	3,525	3,645	3,765	3,885	4,005	4,125
3-----	3,580	3,705	3,830	3,955	4,080	4,205	4,330
Temporary rate-----	3,670	3,800	3,930	4,060	4,190	4,320	4,450
4-----	3,935	4,070	4,205	4,340	4,475	4,610	4,745
Temporary rate-----	4,035	4,175	4,315	4,455	4,595	4,735	4,875
5-----	4,170	4,305	4,440	4,575	4,710	4,845	4,980
Temporary rate-----	4,275	4,415	4,555	4,695	4,835	4,975	5,115
6-----	4,505	4,655	4,805	4,955	5,105	5,255	5,405
Temporary rate-----	4,620	4,775	4,930	5,085	5,240	5,395	5,550
7-----	4,870	5,035	5,200	5,365	5,530	5,695	5,860
Temporary rate-----	4,945	5,110	5,275	5,440	5,605	5,770	5,935
8-----	5,255	5,440	5,625	5,810	5,995	6,180	6,365
9-----	5,675	5,875	6,075	6,275	6,475	6,675	6,875
10-----	6,235	6,450	6,665	6,880	7,095	7,310	7,525
11-----	6,860	7,095	7,330	7,565	7,800	8,035	8,270
12-----	7,545	7,805	8,065	8,325	8,585	8,845	9,105
13-----	8,310	8,590	8,870	9,150	9,430	9,710	9,990
14-----	9,140	9,440	9,740	10,040	10,340	10,640	10,940
15-----	10,050	10,350	10,650	10,950	11,250	11,550	11,850
16-----	11,075	11,375	11,675	11,975	12,275	12,575	12,875
17-----	12,255	12,555	12,855	13,155	13,455	13,755	14,055
18-----	13,760	14,060	14,360	14,660	14,960	15,260	15,560
19-----	15,000	15,300	15,600	15,900			
20-----	16,000”						

(b) In section 302 (a) strike out the Rural Carrier Schedule, and insert the following schedule:

“RURAL CARRIER SCHEDULE

	Per annum rates and steps						
	1	2	3	4	5	6	7
Carriers in rural delivery service:							
Fixed compensation per annum-----	\$1,841	\$1,896	\$1,951	\$2,006	\$2,061	\$2,116	\$2,171
Temporary rate-----	1,941	2,001	2,061	2,121	2,181	2,241	2,301
Compensation per mile per annum for each mile up to 30 miles of route-----	65	67	69	71	73	75	77
For each mile of route over 30 miles-----	22	22	22	22	22	22	22
Temporary carriers in rural delivery service on routes to which no regular carrier is assigned:							
Fixed compensation per annum-----	1,841						
Temporary rate-----	1,941						
Compensation per mile per annum for each mile up to 30 miles of route-----	65						
For each mile of route over 30 miles-----	22						
Temporary carriers in rural delivery service on routes having regular carriers absent without pay or on military leave-----	(1)	(1)	(1)	(1)	(1)	(1)	(1)
Substitute carriers in rural delivery service on routes having carriers absent with pay-----	(1)	(1)	(1)	(1)	(1)	(1)	(1)”

¹ Basic compensation authorized for the regular carrier.

39 USC 972.

(c) In section 302 (c) strike out “\$4,700” and insert “\$5,165 during the period referred to in section 304 (c) or \$5,035 thereafter”.

39 USC 973.

(d) In section 303 (a) strike out the Fourth-Class Office Schedule and insert the following schedule:

“FOURTH-CLASS OFFICE SCHEDULE

Gross receipts	Per annum rates and steps						
	1	2	3	4	5	6	7
\$1,300 to \$1,499.99.....	\$2,703	\$2,793	\$2,883	\$2,973	\$3,063	\$3,153	\$3,243
Temporary rate.....	2,771	2,863	2,955	3,047	3,139	3,231	3,323
\$900 to \$1,299.99.....	2,477	2,559	2,641	2,723	2,805	2,887	2,969
Temporary rate.....	2,539	2,623	2,707	2,791	2,875	2,959	3,043
\$600 to \$899.99.....	2,027	2,094	2,161	2,228	2,295	2,362	2,429
Temporary rate.....	2,078	2,148	2,218	2,288	2,358	2,428	2,498
\$350 to \$599.99.....	1,577	1,629	1,681	1,733	1,785	1,837	1,889
Temporary rate.....	1,616	1,669	1,722	1,775	1,828	1,881	1,934
\$250 to \$349.99.....	1,127	1,164	1,201	1,238	1,275	1,312	1,349
Temporary rate.....	1,155	1,193	1,231	1,269	1,307	1,345	1,383
\$200 to \$249.99.....	901	931	961	991	1,021	1,051	1,081
Temporary rate.....	924	954	984	1,014	1,044	1,074	1,104
\$100 to \$199.99.....	676	698	720	742	764	786	808
Temporary rate.....	693	715	737	759	781	803	825
Under \$100.....	450	465	480	495	510	525	540
Temporary rate.....	461	476	491	506	521	536	551”

- (e) In section 304 insert the following new subsection:
- “(c) Wherever a temporary per annum rate is provided by a basic salary schedule contained in this title, such temporary rate shall be in effect, in lieu of the regular scheduled rate, for the period beginning on the effective date of this amendment and ending on the last day of the last pay period which begins not more than three years after such date.” 39 USC 974.
- SEC. 402. (a) The annual rate of basic salary of any officer or employee whose basic salary by reason of the provisions of section 504 of the Postal Field Service Compensation Act of 1955 is at a rate between two scheduled rates, or above the highest scheduled rate, in the Postal Field Service Schedule, the Rural Carrier Schedule, or the Fourth-Class Office Schedule, whichever may be applicable, is hereby increased by an amount equal to the amount of the increase made by this title in the next lower rate of the appropriate level in such schedule. 69 Stat. 124.
- (b) As used in this section, the term “basic salary” has the same meaning as when used in the Postal Field Service Compensation Act of 1955. 39 USC 951 note.
- SEC. 403. No increase under the provisions of this title shall be construed to be an equivalent increase within the meaning of section 401 (a) of the Postal Field Service Compensation Act of 1955. 39 USC 981.
- SEC. 404. The Governor of the Canal Zone is authorized and directed to grant, effective as of January 1, 1958, increases in the compensation of postal employees of the Canal Zone Government comparable to those provided by this title for similar employees. Canal Zone employees.
- SEC. 405. This Act shall have the same force and effect within Guam as within other possessions of the United States. Guam.
- SEC. 406. (a) Retroactive compensation or salary shall be paid by reason of this title only in the case of an individual in the service of the United States (including service in the Armed Forces of the United States) or the municipal government of the District of Columbia on the date of enactment of this title, except that such retroactive compensation or salary shall be paid (1) to a postmaster, officer, or employee who retired during the period beginning on the first day of the first pay period which began on or after January 1, 1958, and ending on the date of enactment of this title for services rendered during such period and (2) in accordance with the provisions of the Act of August 3, 1950 (Public Law 636, Eighty-first Congress), as Retroactivity. 64 Stat. 395.

70 Stat. 743.

5 USC 2251 et seq.

amended, for services rendered during the period beginning on the first day of the first pay period which began on or after January 1, 1958, and ending on the date of enactment of this title by a postmaster, officer, or employee who died during such period. Such retroactive compensation or salary shall not be considered as basic salary for the purposes of the Civil Service Retirement Act in the case of any such retired or deceased postmaster, officer, or employee.

(b) For the purposes of this section, service in the Armed Forces of the United States, in the case of an individual relieved from training and service in the Armed Forces of the United States or discharged from hospitalization following such training and service, shall include the period provided by law for the mandatory restoration of such individual to a position in or under the Federal Government or the municipal government of the District of Columbia.

Effective date.

SEC. 407. (a) This title shall take effect as of the first day of the first pay period which began on or after January 1, 1958.

68 Stat. 736.

5 USC 2091 note.

(b) For the purpose of determining the amount of insurance for which an individual is eligible under the Federal Employees' Group Life Insurance Act of 1954, all changes in rates of compensation or salary which result from the enactment of this title shall be held as considered to be effective as of the date of such enactment.

Approved May 27, 1958.



